



vice industry token

WHITEPAPER

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The Adult Entertainment Industry is Ripe for Disruption.....	3
1. Too many hands in the pot	3
2. Its Not about the viewer.....	4
3. Limited user engagement.....	4
4. Rethinking Monetization for the Vice Industry - The Rise of the “Attention Economy”.....	5
Vice Industry Token.....	6
Vice Industry Token Portals.....	7
Token Sale Distribution.....	8
Proxy Token and Refund Contract Period.....	9
Timeline.....	10
Team.....	11
Stuart Duncan - CEO.....	11
Kelly Holland - President	12
Bill Heilmann - CSO	13
Eric Helsel - CMO	14
Andry Kostin - CTO	15

The Adult Entertainment Industry is Ripe for Disruption

The moving image has existed for over a century. While the technology to capture and display moving images has rapidly evolved, the business model according to which content is distributed, purchased and consumed has changed very little.

Today, viewers buy admission tickets to a movie, or purchase the rights to view a pay-per-view event. Content producers and distributors, from cable and satellite providers like DirecTV, Spectrum and Comcast to large communications enterprises like Verizon and AT&T, all forecast revenues based on how many paying viewers they can attract.

Even the advent of the internet did not alter this 100-year-old revenue model that forms the basis for revenue generation across all video content categories, where content producers pay advertisers to attract viewers, and viewers pay to watch it..

Through product placement, contextual advertising, and interstitial ads, Advertisers today are willing to pay to place their advertising content in or as near to the point of interest on websites as possible; including the video being offered. The proximity of advertising to video content enables video providers to offer content for free. Sponsors pay for screen space to display their advertisements. The advertisement catches the attention of the viewer. This subsidizes the video provider's operating expenses. This permits viewers to watch without paying. These days people watch videos for free, just for having to look at a few advertisements.

Today, the ad-supported free viewing model is the Internet industry standard. However, there are three major problems with this model in its current state.

1. Too many hands in the pot

It isn't as simple as the advertiser paying the content producer. More often, it involves the advertiser paying an advertising network, and the advertising network paying the agent of the content producer. Eventually revenue trickles down to the content producer. Each of these parties along the way takes a cut. Because the content producer often does not control or own the distribution network, very little of the revenue is shared with the content producer.

Surprisingly, the bulk of revenue in the online adult pornographic industry is not generated by content. The bulk of online adult revenues are generated by traffic. 62% of today's online adult revenue is generated by traffic. Advertisers earn very little of overall adult revenue, content producers earn even less, and viewers earn nothing. Advertisers pay the traffic companies. Adult Content creators, and adult content-affiliated websites and programs generate only 24% of total revenue. The remainder of adult revenue is generated from webcam shows, and the sale of merchandise such as lubes and toys.

Instead of improving the quality of content production, the current business frustrates content producers and reduces the incentive to create quality content as net revenues dwindle to nothing. This is a problem for content producers who provide content to aggregators of free content ("Tube" sites) globally.

2. It's not about the viewer

Since the viewer doesn't pay for content on Tube sites, advertisers are able to control which content gets sponsored. The advertisers control which content is made available for free. The viewer can watch free content, but the curation process does not capture the viewer's specific taste and desires. Today, viewer interests are a secondary concern at best.

3. Limited user engagement

When the supply of adult content on the internet was limited, it was easy to get users to pay to watch. As more content became available, it was easy to provide content for free with supporting ads and banners, pop ups and pop unders. However, the "watch for free" system has led to saturation of the market with low-quality content. While most video platforms show ads, this doesn't necessarily mean viewers watch ads. Viewers often switch windows or use ad blocking software. Viewers even skip and may not even watch an ad. As a result, the value advertisers get for their advertising dollars is questionable. As a direct consequence, ad costs decrease, leading advertisers to place more and even lengthier ads to compete for viewer's attention. The lack of genuine engagement with ads by viewers is forcing advertisers to rethink the monetization model.

Rethinking Monetization for the Vice Industry - The Rise of the "Attention Economy"

"Free was good, it's just not good enough anymore."

- Stuart Duncan, CEO, Vice Industry Token and Blockchain

Authentic viewer attention is the most valuable resource in the adult industry. With so many adult websites to choose from (over 150,000 worldwide according to AVN and XBIZ), competition for viewer attention is fierce.

What does a new monetization model for the Vice Industry look like? ViceToken.com is designed to re-center monetization of free adult content around the specific desires of the viewer. We created a decentralized cryptographic token distribution platform that rewards each stakeholder in the adult content industry by capturing genuine viewer engagement with adult content. This ability to capture authentic user engagement at the point of interaction forms the basis of the emerging "Attention Economy", in what has come to be called "proof of brain" technology. The foundation of ViceToken.com is built on a "fork" of the code that powers the open-source Steem blockchain, which generates and distributes Steem tokens as users consume internet content, simultaneously recording proof of such interactions on an immutable ledger. We modified ("forked") the open-source code that powers the Steem network to meet the specific needs of the adult content industry.

ViceToken.com awards tokens, called "VIT", to each stakeholder in the adult content distribution transaction chain. We trademarked the phrase "Get Paid To Watch Porn" to emphasize the benefit of the VIT platform for adult content viewers. The process of recording and authenticating viewer interaction on a ledger through generation of VIT tokens also permits content producers to more accurately identify viewer preferences, allowing them to refine and create better content for viewers.

To kickstart the VIT network, ViceToken.com has partnered with prominent adult content brands to make their content available on the VIT network, and will also offer a B2B implementation assistance program to other content producers to integrate VIT into their web monetization strategy.

Vice Industry Token

Why use VIT instead of another cryptocurrency (or even fiat currency)? The VIT protocol's unique feature is the creation and distribution of tokens to all stakeholders in the adult content industry that serve both as proof of engagement with content (the data that matters most to adult website operators) and a mechanism for payment.

The primary features of the VIT protocol are the VIT rewards pool and the VIT ledger. The VIT rewards pool ensures instant and transparent allocation of VIT to stakeholders according to a fixed set of rules. [The VIT protocol is capable of recording more than 100,000 transactions per second.]

The VIT ledger records granular user behavior - such as social activity, likes, upvotes, comments, and content preferences as valuable transaction metadata. Traditional website traffic analysis systems passively record traditional engagement metrics, such view counts and clicks, but do not permit content producers to provide incentives to viewers to more deeply engage with their content in real time. The VIT protocol also permits content producers to reward viewers for comments and votes, providing much richer, insightful data. [The VIT protocol also includes web traffic analysis tools to enable content producers to capitalize on such data, and to refine the content they provide to more accurately represent the viewer preferences.] In turn, viewers will spend more time engaging with content they are more likely to buy, providing even more valuable information in an ongoing feedback loop. In addition to these direct benefits, content producers will be able to aggregate and sell engagement data" being useful to the website operator on a firsthand basis, most forms of this data are saleable across many other verticals.

To support the VIT launch, ViceToken.com's adult content partners and website operators will embed support for VIT on their websites, and will honor VIT as a means of payment for premium content. [Vice Industry Tokens will also be supported by a growing number of Vice Industry Token decentralized video portals in exactly same way].

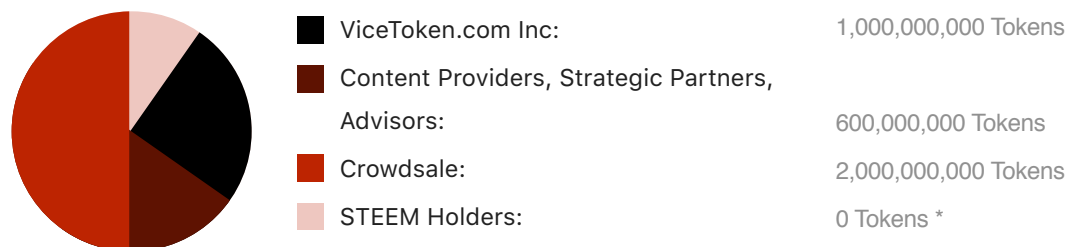
VIT has an advantage over general-use cryptocurrencies such as Bitcoin because it serves as both as a medium of exchange, and as a means of capturing viewer engagement data in a single token. In addition, VIT's engagement optimization tools will allow content producers to customize their content to meet the needs of individual porn fans.

Vice Industry Token Portals

- Vicetoken.com will consist of a portal website (similar to the STEEMit.com site) that consists of an interface familiar to users of existing Tube site. The portals will utilize the ChainBase/Graphene database optimized for blockchain applications to capture social interactions and text, as well as the Inter Planetary File System protocol (“IPFS”) for hosting and delivering content. The portals will integrate the VIT protocol to enable distribution of tokens to stakeholders.
- Because the IPFS content storage and delivery platform is decentralized and encrypted, it has numerous advantages over centralized platforms. Users with sporadic or unreliable Internet service can access files in the same manner as users with reliable Internet connectivity. This removes barriers for users in remote or nonmetropolitan areas, in addition to enabling offline access.
- As described above, participants in all aspects of the Vicetoken.com portal will be eligible to earn VIT.
- IPFS node operators will also be able to earn VIT by providing content storage resources to portal operators.
- The ViceToken.com portal will primarily operate as a channel for supporting the Vice Industry Token blockchain and the websites and content of its adult industry partners. The protocol that underlies the ViceToken.com portal is open source, and will be available to independent content producers who want to take advantage of the protocol to run their own branded VIT nodes, in any language – on the same blockchain. In addition, the VIT protocol will allow others to modify the ViceToken.com portal code at their discretion to add other off-chain functionality. The re-branding option is offered to provide ample opportunity for enterprising parties worldwide to create specialized versions of the Vicetoken.com portal with their own unique flair, in the interest of enriching the overall network of users of both the portal, and the VIT protocol. Those who operate VIT nodes will be able to earn for transactions processed through each node.
- The VIT protocol will also allocate 3% of the VIT earned by viewers and content producers to ViceToken.com partner websites and brands as a reward for hosting

Token Sale Distribution

ViceToken.com will generate four billion VIT in the genesis (initial) block. We will allocate VIT as follows



* STEEM AirDrop has been cancelled.

ViceToken.com Inc will retain any VIT that remain unsold after the crowdsale.

After initial creation of VIT, The Vice Industry Token protocol will generate and distribute additional VIT to stakeholders in an amount equal to no greater than 10% of the amount created in the genesis block in the first year after launch. The rate of generation will decrease by 1% in each additional year until the tenth year after genesis, at which point the amount of VIT will remain constant.

Crowdsale purchasers will pay ~\$0.05 of ETH per VIT, with a minimum purchase of \$100 of ETH.

Proxy Token and Refund Contract Period

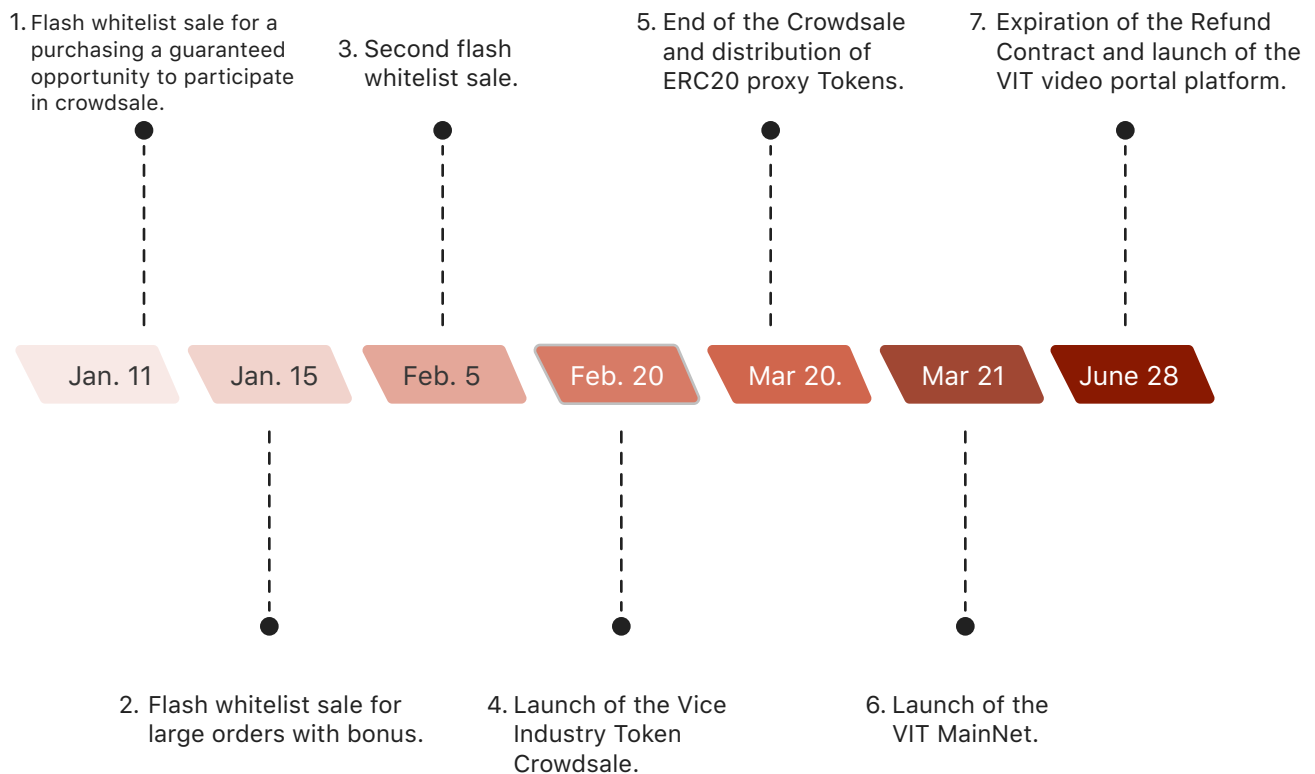
Vice Industry Token will use Ethereum to generate VIT Proxy Tokens in the VIT crowdsale. The crowdsale is powered by a unique crowdsale smart contract which includes refund capabilities. This refund functionality will allow any purchaser of a proxy token, who purchased the tokens in the public crowdsale, to either call a claim function or a refund function on any portion held for them in the contract after the crowdsale ends. If the purchaser calls the claim function, the amount of tokens they claim will be released to the purchaser's address and they will be ineligible on a refund for those claimed tokens. On the other hand, if they call the refund function for any portion of the tokens, the original amount they paid in ETH, for that portion, will be refunded to their Ethereum account and the refunded VIT tokens will become the property of Vice Industry Token Inc.. Upon expiration of the refund contract, on June 28, 2018, the refund functionality will expire, and purchasers will lose the right to call for a refund, however, the claim functionality will remain available, indefinitely, whereby purchasers can have their held tokens sent to their Ethereum accounts. In addition, after the refund contract expires, purchasers will also be able to redeem their claimed proxy tokens for the native Vice Industry Tokens from Vicetoken.com.

The purpose of the refund contract is to give the opportunity for purchasers who are early supporters to use and experiment with the platform to ensure that the VIT network provides the features and services that they were expecting.

The terms of sale, which will be made available on the website during the crowdsale, will be the authoritative terms and description of the smart contract and will supersede any previous terms and descriptions.

Timeline

1. January 11, 2018: Flash whitelist sale for a purchasing a guaranteed opportunity to participate in crowdsale.
2. January 15, 2018: Flash whitelist sale for large orders with bonus.
3. February 5, 2018: Second flash whitelist sale.
4. February 20, 2018: Launch of the Vice Industry Token Crowdsale.
5. March 20, 2018: End of the Crowdsale and distribution of ERC20 proxy Tokens.
6. March 21, 2018: Launch of the VIT MainNet.
7. June 28, 2018: Expiration of the Refund Contract and launch of the VIT video portal platform.



Team



Stuart Duncan - CEO

Stuart Duncan is an adult industry visionary, broadcast pioneer and former C++ developer. Stuart started his career at Canadian Aviation Electronics (CAE), moved to Mitel corporation and ended his software development career at Telesat Canada before leaving to found 5D.com (5D Communications), which owned the world's first explicit adult TV network, Exxtasy.

By 1999, the TV and cable channels Stuart managed had become the largest network of adult content TV producers in North America, when it was sold to New Frontier Media and listed on NASDAQ. Stuart continued technical operations for New Frontier and sat on the New Frontier's board until 2001. Stuart was the Chairman of the North American Broadcasters Association Internet Committee from early 1999 to late 2001. During this time, Stuart successfully broadcasted MPEG1 and MPEG2 across the Internet using the 5D infrastructure to an unbelieving audience of mainstream US broadcasters and cable systems, proving that the Internet was capable of becoming the broadcast medium it is today.

In 2000, Stuart was granted the first adult television broadcast license in Canada. During the next 14 years, Stuart founded many of the top adult brands in broadcast and cable today. These brands include Exxtasy TV (2000), Hustler TV (2003), Penthouse TV (2005), Red Hot TV (2008), Skinemax TV (2009), and Playmen TV (2010). In 2015, Stuart launched Media Vision Partners in the USA. MVP's broadcast brands are the fastest-growing adult broadcast networks in the USA. Stuart also owns and operates successful adult film production studios.

For the past two years, Stuart has been working to modernize the adult content industry by developing the Vice Token protocol and promoting the "Get Paid to Watch Porn ®" brand.



Kelly Holland - President

A former mainstream award-winning documentary filmmaker, Kelly Holland has been an adult film director and executive since 1994. In her early adult career, Kelly directed for Vivid, and went on to direct for numerous other companies including Adam and Eve.

In 2005, Kelly became the Executive Producer for Playgirl TV, where she also served as the spokesperson for the brand, appearing in several mainstream media outlets.

In 2006, she became the Executive Producer for Penthouse Broadcast. Shortly thereafter, Kelly became the President of Penthouse TV, where she built a global broadcast operation that is now the largest adult broadcaster in the world.

In 2016, Kelly acquired Penthouse and all of its assets, including its licensing, publishing, broadcast, and digital divisions.

In a process that has lasted eight years, Kelly has overhauled the Penthouse brand. She has redesigned and refined its various properties and licensees around the world, and reorganized the publishing division to bring it to a profitable status. Kelly also pioneered the way for Penthouse into over-the-top platforms worldwide.

Penthouse is now expanding its empire of satellite channels in over 100 countries around the world. In addition to its video and television empire, Penthouse continues to grow product licensing and international publications, in addition to developing location based entertainment.



Bill Heilmann - CSO

Bill Heilmann recently served as a Managing Partner at MEC, one of the largest media agencies in the world (\$27 billion in billings), with a client roster that includes the likes of Marriott, Paramount Pictures, and IKEA. Prior to joining MEC, Bill was the Lead Global Strategist at BAV Consulting where he oversaw the global repositioning of Lexus.

Bill has been the founder of two separate digital ventures, and has a wealth of tech and marketing experience from working with brands that include AOL, US Robotics, and MSNBC. His wide-reaching category experience at various global advertising agencies includes luxury, retail, spirits, sports, pharmaceuticals, financial services, health/beauty, and home goods. A graduate of the University of Chicago, Bill has been the strategic force behind a number of EFFIE and Cannes-award winning campaigns, and was the recipient of the Ogilvy Award for advertising excellence.



Eric Helsel - CMO

Eric Helsel joins Vice Industry Token as Chief Internet Media Officer celebrating his 20th year in Internet marketing.

Eric's career has involved creating online marketing and sales funnels for international brands such as Red Bull, Snapple, Coors, and the NFL.

More recently, Eric was the Vice President of Online Sales and Internet Marketing for Vivid Entertainment of Los Angeles for eight years. Eric engineered the online release and traffic generation plan of the "Kim Kardashian, Superstar" sex tape. Eric's guidance and management at Vivid resulted in a massive online success. Traffic generated by the Kardashian video was in the multiple billions of impressions. Sales of the "Kim Kardashian, Superstar" sex tape (viewed over 210 million times online, and watched on average once every 1.5 seconds) earned over \$100 million since its release.

Eric has developed, managed, and overseen teams that have produced over 200 products in the Internet marketing space since 1997. His efforts have been responsible for PNL revenues in excess of \$280 million throughout his career.

Before joining Victoken.com, Eric founded and managed the digital media agency Community 32, where he developed some of the most extreme product pursuits in digital marketing.



Andrey Kostin - CTO

Andrey Kostin is a Java Software Engineer and Java Architect with 10+ years of experience in Java development, and 5+ years experience in architecture development in the big data, banking and finance industries.

Andrey has specialized in the development of distributed, highly-loaded, multi-threaded solutions, and was involved in the full application lifecycle. This includes pre-sale activity, architecture design, POC development, team construction, and development of core application modules. He has also given lectures in Core Java, GWT and Java EE.

Andrey has experience in P2P cryptography platforms, and was involved as architect and senior developer for Deutsche Bank and OTP Bank.