

SOFTNOTE SUMMARY

THE FUTURE OF TRANSACTIONLESS PAYMENTS IS HERE

INTRODUCTION

While Blockchain is by definition a community regulated by Consensus Protocol, it is possible to implement “Cash money” freedoms into a transactional procedure through isolating a sender from the recipient by inserting a “Nominal Treasury” and “Digital Cash” components between participants. The digital model of Public Trust possesses the logic, allowing users to handover funds anonymously and tax-free. The principle of Cash-Consensus is based on the emission of SoftNote Bills assigned with digital serial numbers, denominations, public and secret keys of the native network Store of Value (BTC in particular case).

The Tectum technology has combined 3 long-awaited properties in order to provide digital payments market with: 1) truly instant 2) zero-commission fee 3) truly anonymous payments, in one mass-user Fintech product – the SoftNote, a product that converts Crypto & Digital currencies, Central Bank issued notes and Physical assets into a digitally represented version of themselves – a model not to be mistaken for the Wrapped Coin model. The SoftNote is identified by a serial number, Store of Value, denomination and user’s Unit of value equivalent. The creation (minting) of SoftNote and the isolation of the collateral currency from a native network circulation is recorded on Tectum’s blockchain creating a digital analogue of physical money – the SoftNote Bill.

The newly Minted SoftNote Bills are stored on Blockchain in “Unfilled” status in “Nominal Treasury” pool account until requested for an action, when the SoftNote Bill is “Filled”, it is relocated into the Holder-in-due-Course SoftNote Wallet. A SoftNote Bill users have choices to purchase SoftNote Bills at their face value or “Fill” (collateralize) already minted Bills adding another passive income line item to their portfolio by becoming Liquidity Providers. When a transaction is requested by a user, a “Random Choice” algorithm picks and compiles the appropriate combination of SoftNote Bills in a stack and packages it inside the “Smart Contract”. The Stack is sent to the recipient who receives the payment through a SoftNote App or third-party application (WhatsApp, Telegram, Grig Messenger). When the payment is accepted, the Nominal Treasury pool and the Blockchain updates the balance.

VALUE PROPOSITION

SoftNote is founded on the idea that Digital Money must be able to adopt most of the properties of physical money in order to receive truly mass adoption. Its revenue model is built in such way that all the earnings from commercial and retail operations of SoftNote Bills will be split between validating Tectum blockchain Nodes, SoftNote license holders and SoftNote Liquidity Providers in fixed and fair proportion.

SoftNote resolves most crypto-payment related issues by providing “transactionless payment”, technological and logistical solution without geographical or jurisdictional boundaries, while remaining governed and secured by Tectum technology.

It also provides exceptional anonymity as an event of “change-of-hands” (handover) cannot be traced on native networks. Additionally, Soft Note Bills are printable in paper format allowing payments without an access to the Internet, given the recipient party is reconnected and validated by the Tectum Network via Proof-of-Balance in order to receive the deposit. SoftNote Payment is indisputable and is verified using Bitcoin Explorer.

PRESALE OFFER

The Pre-sale offer started on September 15th 2021 and is valid through April 15th 2022. The initial Ten Million SoftNote Bills will be minted on or before October 31st 2021 by Genesis Smart Contract as one-time event and distributed among Minting License Holders. At the beginning SoftNote Bills are going to be priced at 1% of its face value (see below) as of September 15th 2021 with expected gradual price increase as demand grows. SoftNote profitability potentially allows for up to 5% price increase.

Pre-sale Minting parameters:

	Bill Denomination	Collateral Value (BTC)	Target USD Equivalent	Starting Unit Price	Minting Cap (Qty)	Minting Cap (BTC)	Minting Cap (USD)
1	0.000005	0.00000500	\$ 0.25	\$ 0.01	100,000	0.5	\$250
2	0.00001	0.00001000	\$ 0.50	\$ 0.01	300,000	3.00	\$1,500
3	0.00002	0.00002000	\$ 1.00	\$ 0.01	1,000,000	20.00	\$10,000
4	0.00004	0.00004000	\$ 2.00	\$ 0.02	100,000	4.00	\$2,000
7	0.00010	0.00010000	\$ 5.00	\$ 0.05	500,000	50.00	\$25,000
12	0.0002	0.00020000	\$ 10.00	\$ 0.10	1,000,000	200.00	\$100,000
13	0.0004	0.00040000	\$ 20.00	\$ 0.20	2,500,000	1,000.00	\$500,000
14	0.001	0.00100000	\$ 50.00	\$ 0.50	1,000,000	1,000.00	\$500,000
15	0.002	0.00200000	\$ 100.00	\$ 1.00	2,500,000	5,000.00	\$2,500,000
16	0.01	0.01000000	\$ 500.00	\$ 5.00	500,000	5,000.00	\$2,500,000
17	0.02	0.02000000	\$ 1,000.00	\$ 10.00	500,000	10,000.00	\$5,000,000
					10,000,000	22,277.50	\$1,113,875,000

After the Pre-sale is over, SoftNote minting process will continue being governed by the Tectum network on “per sale” basis in real-time mode and executed by Minting Smart Contract for the lifetime of the SoftNote network. Minted SoftNote serial numbers will be sent to the Licensee Wallet automatically making the Bills available to Liquidity providers and mass user. Liquidity providers are subject to the same package structure while are not charged any fees by Tectum. All the SoftNote Bills preminted for the pre-sale but not acquired during the pre-sale period will be sold on the open market on auction bases. Pre-sale Offer ends in April 2022. Additional information about the Pre-sale packages is available at our Telegram groups: @tectum and @transactionless.

Example: 0.002 Bill Denomination priced at 0.002 BTC (\$100), with a license priced at \$1.00 per unit, has 2,500,000 Bills minted and capped at 5,000 BTCs (Conversation rate assumption is 1 BTC = \$50,000).

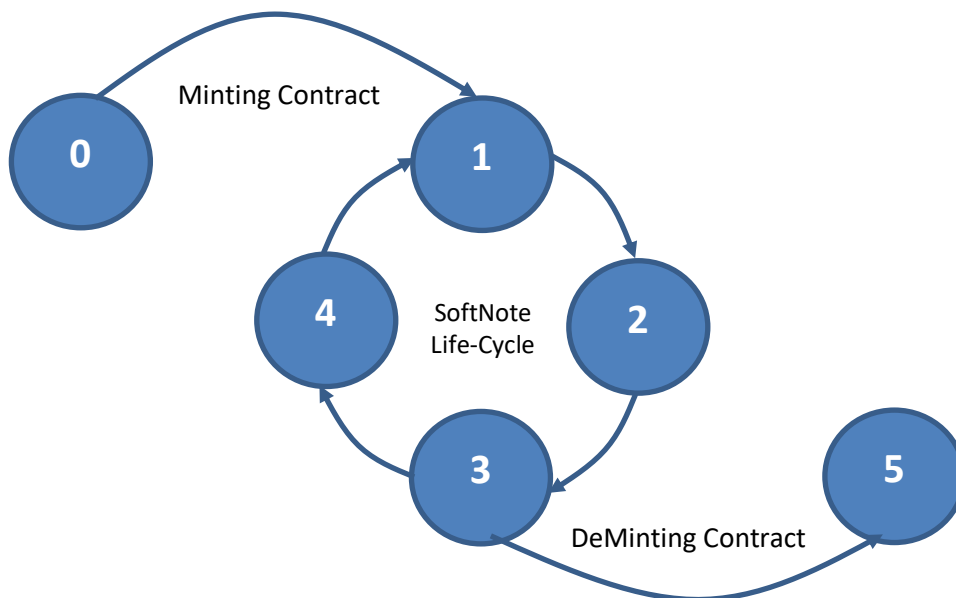
REVENUE MODEL

Since SoftNote is designed to be a frictionless transport of value changing hands governed by zero fee policy, the choices of revenue streams are limited to commercial use, conversion and exit positions; Network standards we have adopted are: up to a 1% commission and/or a native network Dust fee (see Revenue Cycle Diagram) attached to following revenue streams:

- a. “Filling” (Collateralization): Additional Dust fee is charged by Tectum network when the SoftNote is filled with the preset balance.
- b. Cross-Currency conversion: Maker is charged 1% fee for a service of changing his/her Bills into the equal value of smaller denominations’ Bills.
- c. Merchant Fee: <1% fee is paid by the recipients operating for-profit (Revenue Cycle Diagram - User 2,3,4 and 1).
- d. De-Minting (Burning): De-Minting a SoftNote will cost the user at least 1% of the value of the SoftNote Bill to be burned (Revenue Cycle Diagram - User 5). Some smaller denomination Bills will not be permitted for Burning.

There are three types of revenue participants in the SoftNote payment system: Tectum Blockchain, License Holder and Liquidity Provider.

Revenue Cycle Diagram: lifecycle starts from the SoftNote bill being minted; the Bill enters the circulation after being “filled” and starts generating revenues every time retail or commercial user(s) receive the payment. It is expected that never less than 20% of all payments are going to be classified as “for profit” and therefore subjected to fees. For as long as the Bill is in circulation it will generate income for all three types of network partners.



LEVELS OF PARTNERSHIP

- a. License Holder: SoftNote wallet user, could be but not necessarily a Node owner, who is chooses to participate in future revenue stream generated by the licensed SoftNote bills resulted from “for profit” payments as Bills circulate. License is valid for the lifetime of the SoftNote(s). Initial pricing is available in SOFTNOTE PACKAGES.
- b. Liquidity Provider: just like a License Holder, Liquidity Provider is entitled to the share in revenues generated by circulation of the SoftNotes but is not charged any fee, instead a Liquidity Provider “fills” the Bills with the BTC balance that matches the denomination thereof. Collateralized SoftNote Bill(s) are placed in a Wallet of the Liquidity Provider, attached to the account thereof by the Smart Contract and become available to a mass user at the price of their face value (denomination amount).
- c. Node Holder: an active participant of Tectum blockchain network which governs the operation of the SoftNote payment system. The Nodes can be acquired directly from CrispMind Ltd. Please contact our sales team at: @tectum and @transactionless.

SOFTNOTE PACKAGES

License and Liquidity packages are comprised of the number of various SoftNote Bills denominations accordingly to Federal Reserve statistics (see DEFINITIONS). SoftNote Bills are available through purchasing of SoftNote licences, 17 choices of various denominations can be selected from choices of Bills varying from \$ 0.25 to \$ 1,000. The Soft Note Bills are subject to Minting Caps both in quantity and face value total for each domination. Below listed packages are available in quantities from 10,000 to 1,000,000 units (Custom packages are also available):

	BTC Denom.	USD Value	Unit Price	10,000 SoftNotes		100,000 SoftNotes		1M SoftNotes	
1	0.000005	\$ 0.25	\$0.01	100	\$1	1,000	\$10	10,000	\$100
2	0.00001	\$ 0.50	\$0.01	300	\$3	3,000	\$30	30,000	\$300
3	0.00002	\$ 1.00	\$0.01	1,000	\$10	10,000	\$100	100,000	\$1,000
4	0.00004	\$ 2.00	\$0.02	100	\$2	1,000	\$20	10,000	\$200
7	0.00010	\$ 5.00	\$0.05	500	\$25	5,000	\$250	50,000	\$2,500
12	0.0002	\$ 10.00	\$0.10	1,000	\$100	10,000	\$1,000	100,000	\$10,000
13	0.0004	\$ 20.00	\$0.20	2,500	\$500	25,000	\$5,000	250,000	\$50,000
14	0.001	\$ 50.00	\$0.50	1,000	\$500	10,000	\$5,000	100,000	\$50,000
15	0.002	\$ 100.00	\$1.00	2,500	\$2,500	25,000	\$25,000	250,000	\$250,000
16	0.01	\$ 500.00	\$5.00	500	\$2,500	5,000	\$25,000	50,000	\$250,000
17	0.02	\$1,000.00	\$10.00	500	\$5,000	5,000	\$50,000	50,000	\$500,000
				10,000	\$11,141	100,000	\$111,410	1,000,000	\$1,114,100

RETURNS ON INVESTMENT

All the revenues collected by the network from the operation of the SoftNote bills are divided between three groups of participants in a following manner:

- a. License Holder is eligible to 25% from all the revenues generated by the operation of the purchased SoftNote package throughout its (their) lifetime.
- b. Liquidity Provider is eligible to 25% from all the revenues generated by the operation of the purchased SoftNote Bill(s) through its (their) lifetime.
- c. Tectum Blockchain splits remaining 50% between its validating Nodes that participated in each individual event (see Tectum White Paper).

FINANCIAL ASSUMPTIONS

Below calculations are based on assumption that only 20% of all SoftNote payments are “for profit” and are subject to 1% commission fee using medium 100,000 SoftNote Bill package with today face value of \$11,138,750 as the example. Numbers of expected full cycles are: 2 per month / 26 per year and 4 per month / 52 per year. Therefore, line items with 2 and 4 numbers of cycles display monthly ROI assumptions and 26 and 52 numbers of cycles display annual ROI assumptions.

“Cycle” is a term describing a hypothetical point in time when every Bill of the package has been used in payment at least one time; monthly and annual ROI performance is calculated based on how many cycles a single SoftNote Bill makes per month or a year.

a. License Holder ROI Projections (Based on initial Pre-sale price).

Invested in 100,000 Package	# Of Cycles	Share of Retail Payments	Payments Subject to Fee	Fees per One Cycle (1%)	Licensee Earnings (0.25%)	Profit	ROI
\$111,410	1	20%	\$2,227,750	\$22,277.50	\$5,569.38	5.00%	105.00%
\$111,410	2	20%	\$4,455,500	\$44,555.00	\$11,138.75	10.00%	110.00%
\$111,410	26	20%	\$57,921,500	\$579,215.00	\$144,803.75	129.97%	229.97%
\$111,410	4	20%	\$8,911,000	\$89,110.00	\$22,277.50	20.00%	120.00%
\$111,410	52	20%	\$115,843,000	\$1,158,430.00	\$289,607.50	259.95%	359.95%

b. Liquidity Provider ROI Projections (the investment amount is based on \$2.50 Bitcoin network fee cost per one SoftNote Bill).

Spent on Bitcoin Fees	# Of Cycles	Share of Retail Payments	Payments Subject to Fee	Fees per One Cycle (1%)	Liquidity Provider Earnings (0.25%)	Profit	ROI
\$250,000	1	20%	\$2,227,750	\$22,277.50	\$5,569.38	2.23%	102.23%
\$250,000	2	20%	\$4,455,500	\$44,555.00	\$11,138.75	4.46%	104.46%
\$250,000	26	20%	\$57,921,500	\$579,215.00	\$144,803.75	57.92%	157.92%
\$250,000	4	20%	\$8,911,000	\$89,110.00	\$22,277.50	8.91%	108.91%
\$250,000	52	20%	\$115,843,000	\$1,158,430.00	\$289,607.50	115.84%	215.84%

ROADMAP

a. Tectum network

- Tectum Live network Launch: performed in April 2020
- Tectum Monetary Framework business model: completed July 2021
- Live network Grand Reboot: performed on September 12th September 2021
- Tectum Coin launch: performed on September 15th 2021
- Rebranding: completed 12th September 2021
- Website rebrand: completed 18th September 2021
- Beta Tectum Wallet launch: performed on September 12th 2021

b. SoftNote

- Economic model: completed September 2021
- Brand & Design: completed September 2021
- Operating EU Entity incorporation: September - October 2021
- Payment merchants: October 2021
- Ethereum Node connect: November 2021
- Mobile Apps: December 2021 - February 2022
- Stable Currency Support: January - February 2021
- User load stress tests: January - February 2021
- Alpha version due date: March 2021
- Commercial version Grand release due date: April - May 2022
- Financial Settlement services introduced: May - June 2022
- Enterprise Support: May - June 2022

SWOT ANALYSIS

a. Strengths

- **Absolute Anonymity:** SoftNote payment does not disclose the recipient's wallet ID, while maintaining the transparency of the payment on native networks' explorers.
- **Agile development process:** The development policies driving the team to instantly react to changes and adopt the development process.
- **Cash Money Property:** SoftNote can be handed over in a paper format and deposited to the recipient's wallet as soon as they are connected to the network.
- **Good level of product maturity:** Most of low-level development has been successfully completed by 2021.
- **Instant Payment Deposit:** Payment is received as soon as the recipient changed the SoftNote Bill pin-code making it inaccessible to the paying party.
- **Microtransactions:** Payments as low as equivalent to \$0.25 are available to an end-user thanks to Tectum zero-fee technology.
- **Network-independent payment procedure:** The payment can be handed over personally in P2P (device-to-device) mode, using paper formfactor or sent through any network capable to transfer .jpg picture format files.
- **Payments are unconditionally zero-commission:** up to 1% commission fee is charged only in case of retail or commercial nature of payment to the account of a recipient operating "for profit".
- **Payment Indisputability:** Native Blockchain Explorers are used to verify SoftNote payment and the originality of the Bill.
- **Proprietary Software:** In-house designed, built and deployed; all intellectual property is held by CrispMind Ltd.
- **Real-time Settlements:** Settlements conducted in trustless ecosystem enabled by Tectum blockchain technology using P2P principles of value exchange.
- **Security:** Account access is protected by 3FA technology.
- **Transaction Security:** Besides base pincode protection the SoftNote can be tied to the ID of the recipient rendering it useless to a 3rd party.

b. Weaknesses

- End-user does not initially have an access to a Private Key (Disclosing the Private Key to a user follows Burning event).
- Fixed choices of denominations might slow down the mass adoption dynamics on retail user side forcing them to round up product prices. The issue will resolve as USDT and other fiat digital currencies are added to the SoftNote liquidity pool.
- Proprietary Software: Help from open-source community is not expected.
- “Handover” is not always easy to grasp: “Handover instead of Transfer” paradigm.

c. Opportunities

- Microtransactions market: First realistic opportunity to resurrect the microtransactions’ market.
- Entire market of microtransactions: Most of Crypto payments under \$100 in value could naturally migrate to SoftNote (Any transaction which amount represents less than 95% of the current Bitcoin network fee falls under this category).
- Crypto-friendly Jurisdictions might welcome an opportunity to warm up their economies with zero-fee payments.
- Cross-Platform settlements market is open to P2P solutions.
- Gaming and gambling industries: an ability to anonymously make micro-deposits and withdrawals.

d. Threats

- Regulatory scrutiny: Though most of Crypto currencies are yet to be regulated, accepting payments in fiat currencies could potentially lead to partial loss of anonymity due to KYC process.
- Strong potential opposition from Mining community.

CONCLUSION

Mining revenues are comprised of only 2 revenue streams: block mining and transaction fees. Today, about 900 Bitcoins are mined every day by miners and slightly under 100 BTCs are earned on transaction fees, leaving miners with approximately 10-to-1 proportion (which fluctuates substantially depending on the network load). For example, on April 20th 2021 transaction fees reward had reached \$16,9M dropping to \$5,77M on April 25th same year (see References #15).

Currently, transaction fees make up a small portion of mining revenues, since miners currently mint around 900 BTCs a day and earn about 100 BTCs in transaction fees per day. That means transaction fees currently make up as little as 10% of a miner’s revenue but will naturally reach 100% as the last Bitcoin is mined on or before year 2140 (depending on various prediction methods). Since processing transaction fees requires 1,000s times less hardware resources than block mining, earning reward from transaction fees will always remain the sought-after source of revenues rather than sweating hard chasing after the next block. In fact, taking the transaction fees away from miners would likely shrink mining community down to a group of players who use high-performance hardware slowly pushing the Hash-rate down and consequently lowering energy consumption. Under the improbable scenario of completely switching to a reward structure based on transaction fees, the mining network would also certainly decimate, since only few Bitcoin miners would be able to profitably mine Bitcoin if they received just 10% of their typical rewards. In both cases the overall amount of electricity consumed by mining community would likely experience significant decrease.

SoftNote payment network is designed to relieve miners of processing transaction fees completely by introducing the “transactionless” model of payment using Bitcoin and other crypto and digital assets - in order to function it would solely rely on Bitcoin Explorer after most BTCs have migrated to SoftNote.

SoftNote has reversed current crypto revenue model that charges paying party, shifting the burden of expenses back on a selected group of recipients, ultimately making the SoftNote network free for an end user. It is in power of the SoftNote economical model to potentially drive the portion of miners revenues attributed to transaction fees down to almost zero leaving the Bitcoin network on SoftNote life-support eventually (at the end of the mining phase of Bitcoin network); when the conventional revenue stream dries out after the last Bitcoin is mined, the SoftNote could end up becoming one of the few parties financially motivated to keep Bitcoin network alive.

Considering all said above we can conclude that SoftNote could become an ultimate solution to Bitcoin network high energy consumption, network fees and delays opening micropayment markets to Bitcoin and other blockchain based payment platforms. At this time the project is seeking strategical partnerships that could accelerate the mass adoption and mass acceptance.

TERMINOLOGY

1. Dust Fee: Native network wholesale fee charged for publishing a transaction. When a transaction is conducted within a single Bitcoin Node between its sub accounts, the Bitcoin network is required to charge a minimal fee.
2. Gateway Node: Two Clusters are connected by a Tectum Node; Clusters interact to establish a mutually beneficial relationship. For example, one cluster is responsible for administering decentralised databases, while another oversees managing side chains.
3. Handover: When the SoftNote bill pin-code is changed by the recipient the SoftNote payment procedure is complete.
4. Native Network: Digital payment system that uses its own protocols and resources to handle payments. Bitcoin is an example of a native network (or Side Chain).
5. Proof of Pai (PoP): Protocol that uses the cooperative principle to share and distribute the proceeds from the commercial operation of SoftNote among license holders within SoftNote Cluster in accordance with the quantity of Soft Note Bills they are licensed to mint (Pai - Share). The SoftNote Cluster is a Digital Cooperative built on PoP.
6. Side Chain: See Native Network.
7. SoftNote: An alternative to cash, designed to replace physical money by adopting its properties; a frictionless transport of value.
8. SoftNote Cluster: Proof of Pai (PoP) consensus is used to administer a private blockchain powered by Tectum technology. Through a Gateway Node, SoftNote Cluster is connected to Tectum blockchain.
9. SoftNote License: A granted right to a share in revenues generated by minted SoftNote Bills. Licensed user acquires SoftNote Bills and is enabled to distribute them to an end-user community; a SoftNote Wallet end-user is not enabled to mint Soft Note Bills until the license is purchased.

10. SoftNote Software: The software that is dedicated to the minting of SoftNote Bills, as well as the processing of payments made with Soft Note Bills. SoftNote software can be used on a Cloud Node or as an application that runs on the client's system.
11. SoftNote user: An end-user who conducts SoftNote payments. There are 3 types of SoftNote users: a) Mass (regular) user b) Merchant user c) Enterprise user. An Entity that accepts SoftNote payments in retail or commercial amounts is a subject to a commission fee of <1% per transaction. Please see REVENUE MODEL chapter for detailed description.
12. Tectum Blockchain: A Record Change Signature Management Platform providing instant event status and ownership update throughout the whole system and delivering distributed levels of access to functional system modules without cluttering the system with the actual data. Tectum is a superconductive digital environment designed to support zero-fees policy for its monetary products.

REFERENCES AND RESOURCES

1. Tectum blockchain: <https://tectum.io/>
2. Tectum Blockchain Explorer: <https://explorer.tectum.io/>
3. Tectum Wallet Beta: <https://tectum.io/wallet/>
4. Facebook page: <https://www.facebook.com/softnote/>
5. Instagram page: <https://www.instagram.com/softnote.app/>
6. Twitter page: <https://twitter.com/transactionless>
7. Telegram group: <https://t.me/transactionless>
8. SoftNote Web page: <https://tectum.io/softnote/>
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10. USD stats: https://www.federalreserve.gov/paymentsystems/coin_currircircvolume.htm
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15. Bitcoin Total Transaction Fees Per Day:
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16. Bitcoin Average Transaction Fee:
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17. Bitcoin Miners Now Earn 1 BTC in Fees Per Block: <https://decrypt.co/57740/bitcoin-miners-now-earn-1-btc-in-fees-per-block>
18. Transaction fees make up about 6.5% of a miner's revenues:
<https://decrypt.co/33124/what-will-happen-to-bitcoin-after-all-21-million-are-mined>

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