ENKIDU

PROGRAMMATIC COMPANIES

TOKEN WHITEPAPER

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Introduction

What Inspired Enkidu?

The idea for Enkidu was first conceived in July 2017, when Avalon Labs was hard at work completing the legal process on our first global joint venture. We were no strangers to tedious legal back and forth, considering our decade-long stint in the startup world.

When projects are small, global teams are happy; but as they get bigger mistrust often sets in, a phenomenon lawyers have often prescribed “prevention over cure” for.

While we have worked on several local joint ventures in the past, this was our first attempt at collaborating with our American counterparts, Alex and Zach, to build a sales outreach tool. Christened “*Foxbound*”, our hypothesis at this point was that Foxbound would help individuals send sequences of emails while also allowing them to scrape public records for email addresses. Avalon Labs was going to develop this tool, while Alex and Zach were going to sell it to the North American market. **There were several steps we went through to actually pull this off. In short, the process went along these lines:**

- Hire lawyers on both ends and draft a MoU that would specify operational style *(Memorandum of Understanding (MOU) is a nonbinding agreement between parties outlining the terms and details of an undertaking, including each parties’ requirements and responsibilities).*

- Decide what % of revenues hit the reserve (for future marketing or hiring) and how we were going to utilize that reserve.

- Deploy an Overseas Direct Investment that would allow Avalon to purchase shares of a new entity, “Foxbound LLC”. The company would convert from an LLC to a C-Corp if both parties decided to raise further VC funding. Both parties had a 4 year vesting period preventing either party from reaping the entirety of their potential rewards prematurely.

- Recapitalizing the new company with Avalon Labs’ own funds to provide a 6-month operational runway.

- When Foxbound breaks even, an agreement was drafted mentioning that both parties would have access to the company bank account and that revenue sharing rewards could be manually initiated by either party once every quarter.

With thousands of dollars spent on legal and accounting fees on both sides, the team at Avalon Labs analysed why it cost so much upfront when the new company wasn't generating any money yet. "*Cost of doing business*" we were told.

We weren't buying it. Living in the Blockchain era, being big on the idea of smart contracts while also being early investors in several cryptocurrencies led the team to an idea that could potentially revolutionize how global teams worked, thus saving smaller teams thousands of dollars and unnecessary conflict until they got big enough. We asked ourselves 4 simple questions:

- Was there a way we could create a platform where people could find other like-minded individuals with different skill sets to work on business ideas?

- Could we make the process of payment distribution and voting between said individuals programmatic using smart contracts, thus avoiding the need for a company structure itself?

- Could we use the Blockchain to make vesting simple, without subjecting users to price volatility?

- Could we anchor all of the above features to a **payment gateway**? (i.e, a single payment gateway programmatically ensuring flawless payment splitting, voting policy and vesting?)

"Trustless Teamwork"

After putting much thought and research into it, all of Avalon Labs' 4 major teams - development, sales, marketing and operations responded with a resounding "YES". It was possible to build a global, decentralized collaboration platform that would allow people across the world to find each other and work together without the upfront legal or financial hassle, especially for small projects. The Enkidu payment gateway would be front and centre, leading to what we chose to call "**Trustless Teamwork**".

Enkidu was built with only small teams in mind, thus eliminating the need to even register a company. We think that tackling joint ventures between bigger companies is more complex (for now) - involving tax, regulation, third party vendor involvement and auditing. If you are a small 3-man team selling a $2 icon set online, it made zero sense to register a company and go through the legal and financial hassle just to ensure no frills revenue sharing.

Drawing on decades of marketplace-building experience, we spent the next 6 months not just chalking out what the platform would look like, but also drawing parallels between the offline legal process for global collaboration and effective Blockchain based solutions for Enkidu.

Each edge case was mapped out, flowchart by flowchart, until we were confident it would solve our own problems before it solved anybody else's. This whitepaper is a comprehensive look at those results.

- **The Avalon Labs Team**

The Problem

Current challenges in setting up a business across borders

I. Finding partners and collaborators
II. Setting up a joint venture is time consuming, confusing and tedious for small projects
III. Expensive legal, accounting and transaction fees
IV. Partner relationships see conflict as the business scales, mostly over resource utilization
V. Manual payment splitting
VI. Removing a partner for poor contribution/malpractice is tedious
VII. Vesting terms are either arbitrary or hard to enforce

Summary: When an individual's time is exchanged for profit share instead of money, costs and risks shoot up.

1. Finding Partners and Collaborators

With almost 3 years of experience running a popular Indian job board (Jobspire.net), we've had front-row seats to the local talent shortage problem. Up until the invention of the Internet, the only way you could collaborate with international contributors was to fly over and meet them.

As internet adoption spread, it became easier and easier to build global businesses, with VOIP software (eg: Skype), job boards (eg: Dice) and freelancing platforms (eg: Upwork) becoming mainstays. Today, **Over 50%** of the American working population (120 million individuals) **works in a small business**, a good portion of these individuals working "remote", that is, out of location.

Finding collaborators or freelancers who were willing to trade their time away for money was getting easier to find on freelance platforms, while Github was spearheading community-based projects. Projects on Github that had many open-source contributors did not generally involve money, therefore conflict was kept to a minimum.

When Assembly (http://assemblymade.com/) launched in 2013 with the vision to bring engineers, designers, and creators all over the world together to build community-owned software products, they assumed they could simply replicate the Github model.

Money changes collaboration. Trust between collaborators hit an all time low and while a majority of contributors were pulling their weight, others were slacking - something that ideas like programmatic payment splitting, collaborator ratings, vesting and voting could solve. At that point, the Blockchain and Smart Contracts were still in their infancy, a little too early for Enkidu to make its appearance.

2. Setting up a joint venture is time consuming, confusing and tedious

As mentioned, finding collaborators or freelancers who were willing to trade their time away for money is relatively easy to find. What about people who had a higher risk appetite, that would want to build things that made them passive income? The only way of doing that today is to solve several problems. Some of them being:

- The **structure** of the collaboration
- The **objectives** of the collaboration
- Vesting periods and lock-ins
- The **financial contributions** everybody will each make
- Ownership of **intellectual property** created by the collaboration
- **Management and control**, e.g. respective responsibilities and processes to be followed
- How liabilities, profits and losses are shared
- How much money hits the treasury, reserved for operational costs
- How any **disputes** between the partners will be resolved
- How revenue will be shared, on what timeline and bank account access control
- An exit strategy, and how an exit call is taken
- How shared intellectual property and finances will be unbundled if the entity fails

Drafting all of this involves a tedious legal process, most of which the average creator cannot fully understand quickly, further pushing the rewards of passive income out of reach.

The audience Enkidu wants to help are really small teams with a headcount of less than 5 that are working towards selling SME software, e-commerce products, dropshipping stores, $5 Javascript plugins and other small online hustles that make passive income.

Most of these collaborators already have full-time jobs and can't commit to putting 40 hours a week on these projects. The effort required to setup a legal entity, initiate a joint venture and manage revenue share is huge - all of this just to maintain internal trust.

3. Expensive legal and accounting fees

In India, an Overseas Direct Investment (called a Co-operation Agreement in Ukraine, Equity joint venture in China, and a Joint Venture in the USA) is the legal vehicle used to perform a global collaboration. Apart from the actual value of the investment (could be nominal) for the shares and rights in a new company that has to be formed, there are legal costs on all sides.

If three individuals, from Bahrain, Austria and the United States are collaborating, then there are three different sets of legal frameworks and fees to be borne individually by all parties, ranging in the thousands of dollars depending on your choice of law firm and country of JV incorporation. Apart from this, an accounting firm is necessary to prepare the company for auditing (costs vary by country of JV incorporation), distribution of payroll (using PayPal, Transferwise, etc and their fees), compliances, exchange rates and everything else under the sun that involves money. Add on top of this payment gateway fees, bank wire costs, international transaction costs and things start racking up.

Compare this to the cost of hiring a freelancer (or vice versa, working with a client) on Upwork and it slowly stops making sense to spend so much up front on what should be simple (and cheap) programmatic payment splititng.

4. Conflict Resolution

Most small projects that fail early fail because of founder conflicts, typically over money and it's utilization. While there might be disagreement on the "vision" of the project, this often gets resolved very early, even before the collaboration actually starts. If one partner disagrees with the vision, then they may not even want to work with the other partners.

Most conflicts that crop up once a project is underway revolve around:

- Lack of contribution from one or more parties
- Non-transparent financial dealings
- How much money goes into the treasury
- Vesting and revenue sharing mechanics
- Payment delays
- Pivots and evolving project roadmap

Voting, vote-kicking, automated treasury pools and instant settlements seem to be the needs of the hour.

5. Manual Payment Splitting

In most teams under 5 people, payroll and payment distribution are performed manually. An individual in charge of the company bank account must make manual profit and loss sheets, calculate earnings after tax, treasury allowance and then manually initiate a wire transaction to each person of the team. International wire transactions still require a visit to the bank. Individuals in small teams often have critical roles (and often still have a full-time job), with time management making the difference between success and failure.

Apart from being a sheer waste of time to manually calculate and initiate wire transfers to **each party**, there are flaws with this - human error, non-transparency, issues with company auditing and ofcourse the entire process being a guaranteed monthly timesink.

6. Removing a partner for poor contribution/malpractice is tedious

One of the most common occurrences in distributed projects, startups or joint ventures is one or more parties' ends up slacking. The legal process in removing said partner(s) is tedious. Here are the major issues:

- Where does the IP go?
- How does vesting work?
- How do you undo financial tie-ins?
- Where does voting take place? Who presides?
- Most projects receive money from sales only after a delay in operations - what happens if the partner that brings in the capital is voted out?
- How do you prevent abuse of the voting system?

Most of these questions are typically answered by lawyers in the form of more paperwork. There are several edge cases and loopholes that are typically used in the industry which the Blockchain can handle with ease.

7. Vesting terms are either arbitrary or hard to enforce

The most efficient way to do real-time vesting rather than cliff based vesting (i.e, your shares vest everyday rather than every X number of months) is to use a **time locked escrow system.**

Today, that system is neither programmatic nor is it efficient. The Blockchain has obvious solutions to this problem by enforcing a t**ime-locked escrow system** that slowly opens up as time goes on, until 100% of the funds are unlocked at the end of the vesting period, whether that be a few months or a few years. There are of course concerns about price volatility (risk exposure) if you lock a user's funds in a cryptocurrency - something that's solvable by inventing a new type of "post-vesting".

Summary

When an individual's time is exchanged for a share of profits instead of money, costs and risks shoot up. As more and more people are open to the idea of using their time rather than money to make investments, an urgent need for a solution that helps democratize, decentralize and remove the concept of financial trust from the process is necessary - **all for a sliver of a fraction of the costs of the current offline process.**

Market Overview

There's a Blue Ocean in sight

Snapshot

During the last couple of years, small and medium businesses (SMEs) have had significant growth and found their way into foreign markets. Let's run through the state of this market in brief.

Asia

SMEs (Small and medium enterprises) have been a key driver for growth and job creation mainly in South Asia. Forty million new jobs need to be created in South Asia to absorb these newcomers. In a recent report published by IFC, it is mentioned that SMEs will be the main providers of these jobs. IFC claims that SMEs contribute to around 51.5% GDP in developing countries.

These SMEs will grow only if they focus on eliminating timesinks - by making it fairly easy to operate, expand and generate new business opportunities. The smaller a company is, the more crucial it is for people to protect their time. [1]

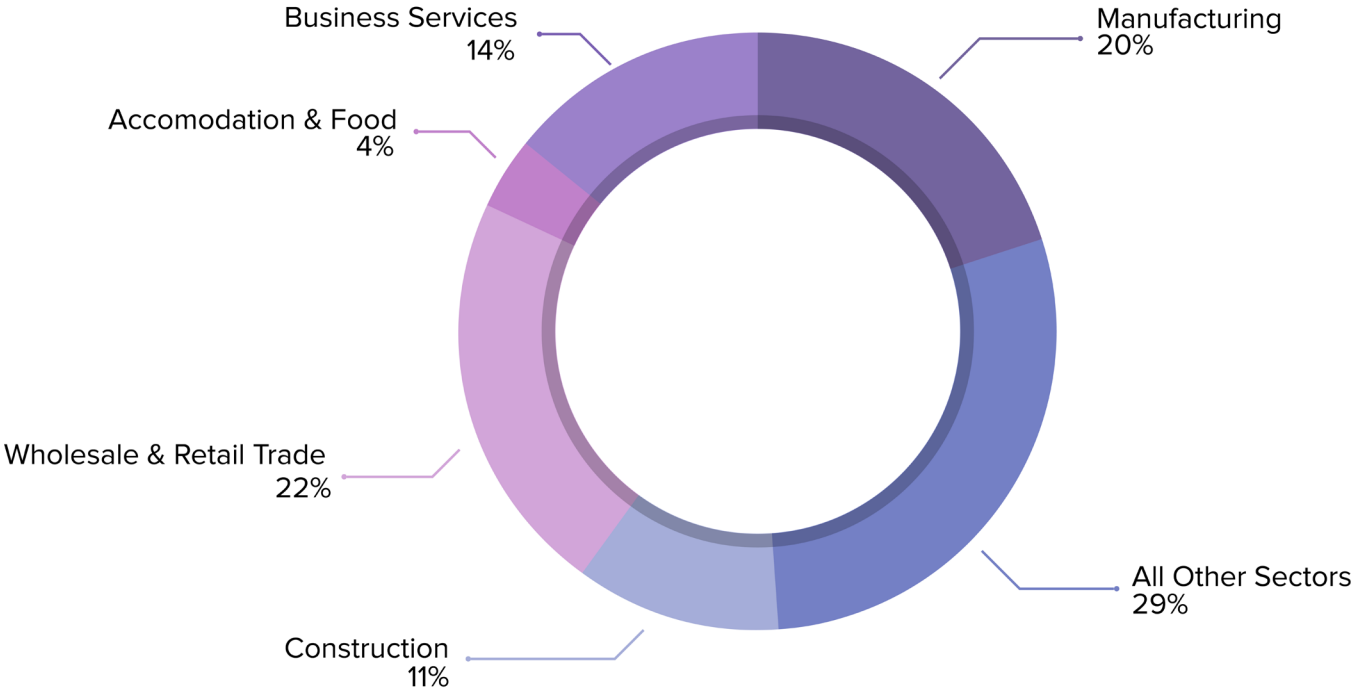
Europe

In the European market, SMEs generate approximately 3.9 Trillion euros in revenue. There are about 23 million SMEs registered in Europe. The vast majority of SMEs here are micro-enterprises with less than 10 employees. The European Union has implemented the **Small Business Act**[2], which abides by principles like Entrepreneurship, Access to finance, Skills/ Innovation and Internationalism. All these principles that are adopted by the European Union are similar to problems Enkidu is solving[3].

[1]Source: https://www.responsability.com/sites/default/files/2017-03/Micro-SME-Finance-Market-Outlook-2017-EN_0.pdf

[2]Source: https://ec.europa.eu/jrc/sites/jrcsh/files/annual_report_-_eu_smes_2015-16.pdf

[3]SMicro, Small and Medium Enterprises(MSME) in India: Opportunities, Issues & Challenges by Parthajeet Das



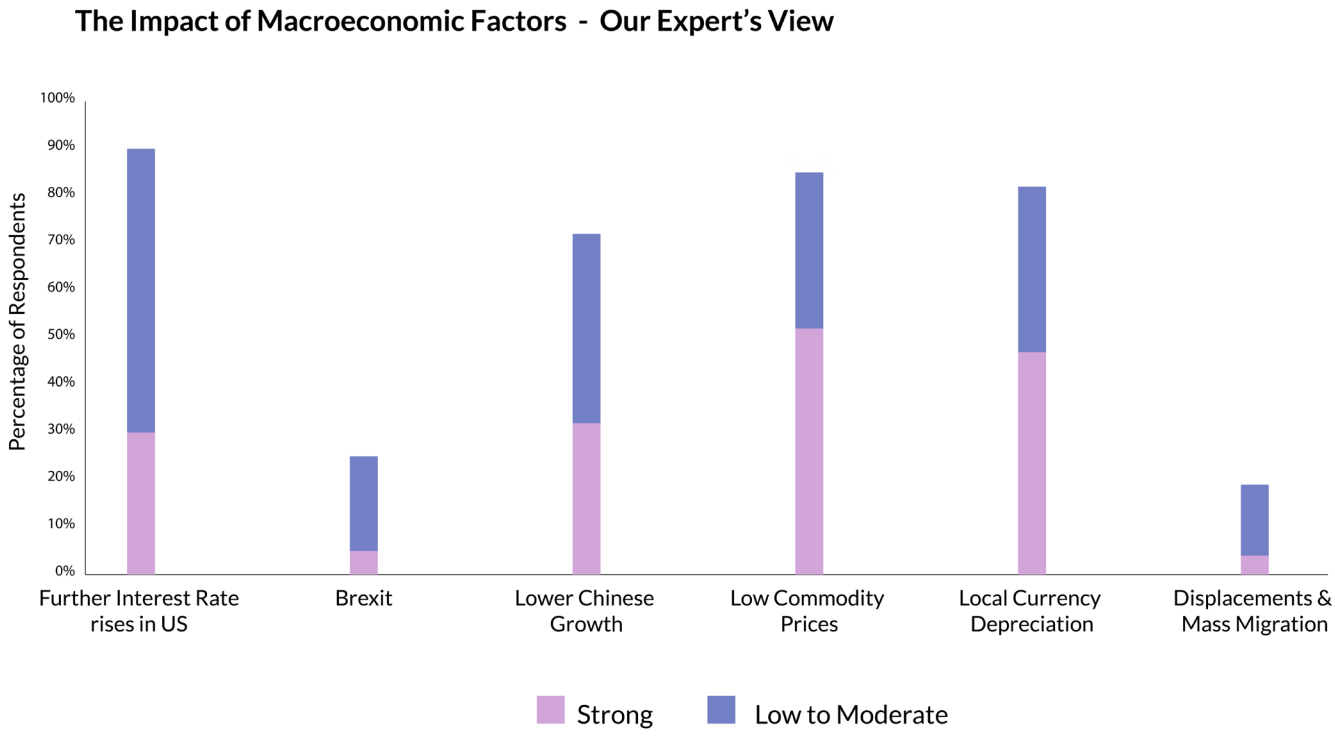
Source: Eurostat, National Statistical Offices and DIW Econ

On a macro level, recent output levels have been stagnant across the European Union[4] due to the fallout from Brexit and other populist movements[5]. The United States, while performing better, also has faced some problems as it has failed to live up to expectations of a faster growth in the second half of the year. However, in the developing world, growth is speeding up in emerging markets with the key influencer being China[6].

[4] Source: https://ec.europa.eu/growth/smes_en

[5] http://ec.europa.eu/eurostat/statistics-explained/index.php/Statistics_on_small_and_medium-sized_enterprises

[6] http://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme?p_p_id=NavTreeportletprod_WAR_NavTreeportletprod_INSTANCE_vxlB58HY09rg&p_p_lifecycle=0&p_p_state=normal&p_p_mode=view&p_p_col_id=column-2&p_p_col_pos=1&p_p_col_count=4



Adopting blockchain technology in this sector is crucial as it would help the MSME (Micro Small and Medium Enterprises) reduce the cost of operations on a large scale.[7]

It would also help curb exorbitant legal and compliance fees which severely affect the MSME during their early stages of growth. Also, with the rising political tensions between countries, the cost of currency might inflate even higher a deterrent in global collaboration. Adopting the Blockchain would help reduce a team's dependency on external political factors.

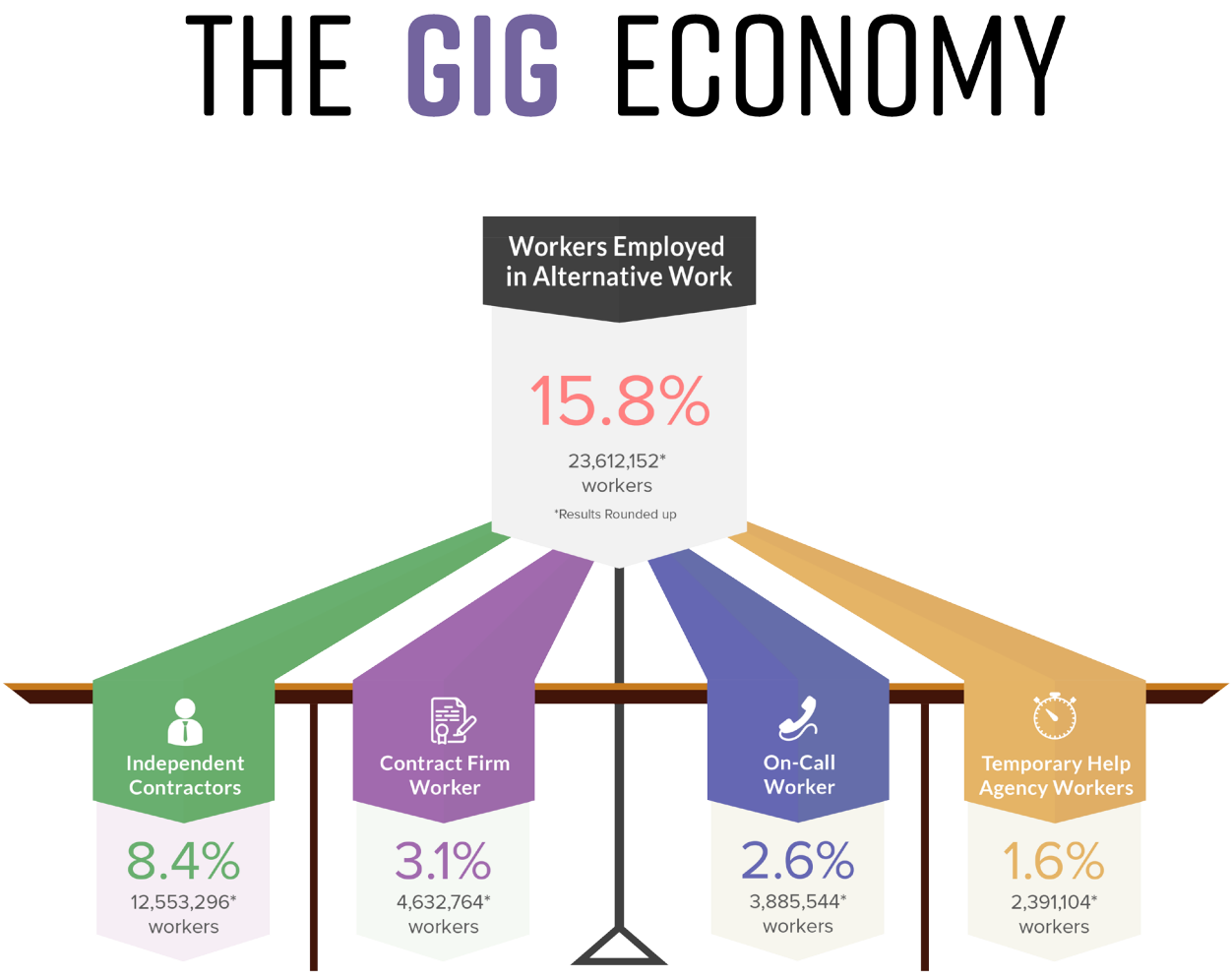
[7]Small and Medium Enterprises Across the globe by Asli Demirguc-Kunt, Meghana Ayyagari Thorsten Beck

Freelancers and the Gig Economy

Small yet global collaborations on the internet are the middle ground between running a Micro Small and Medium Enterprise (MSME) and freelancing.

Unlike Upwork or freelancer.com, where a freelancer would trade their time and skills for upfront money, we'd like to encourage an environment where a freelancer could trade their time and skills for the chance to make long term passive income.

They don't get a one-time fee to complete a particular task but will continue to receive a portion of the revenues that a product they work on generates. Starting out as freelancers ourselves almost a decade ago (which we've documented in a Bloomsbury published book called 'Pajama Profit'), we understand that passive income is every freelancer's ultimate goal. [8]

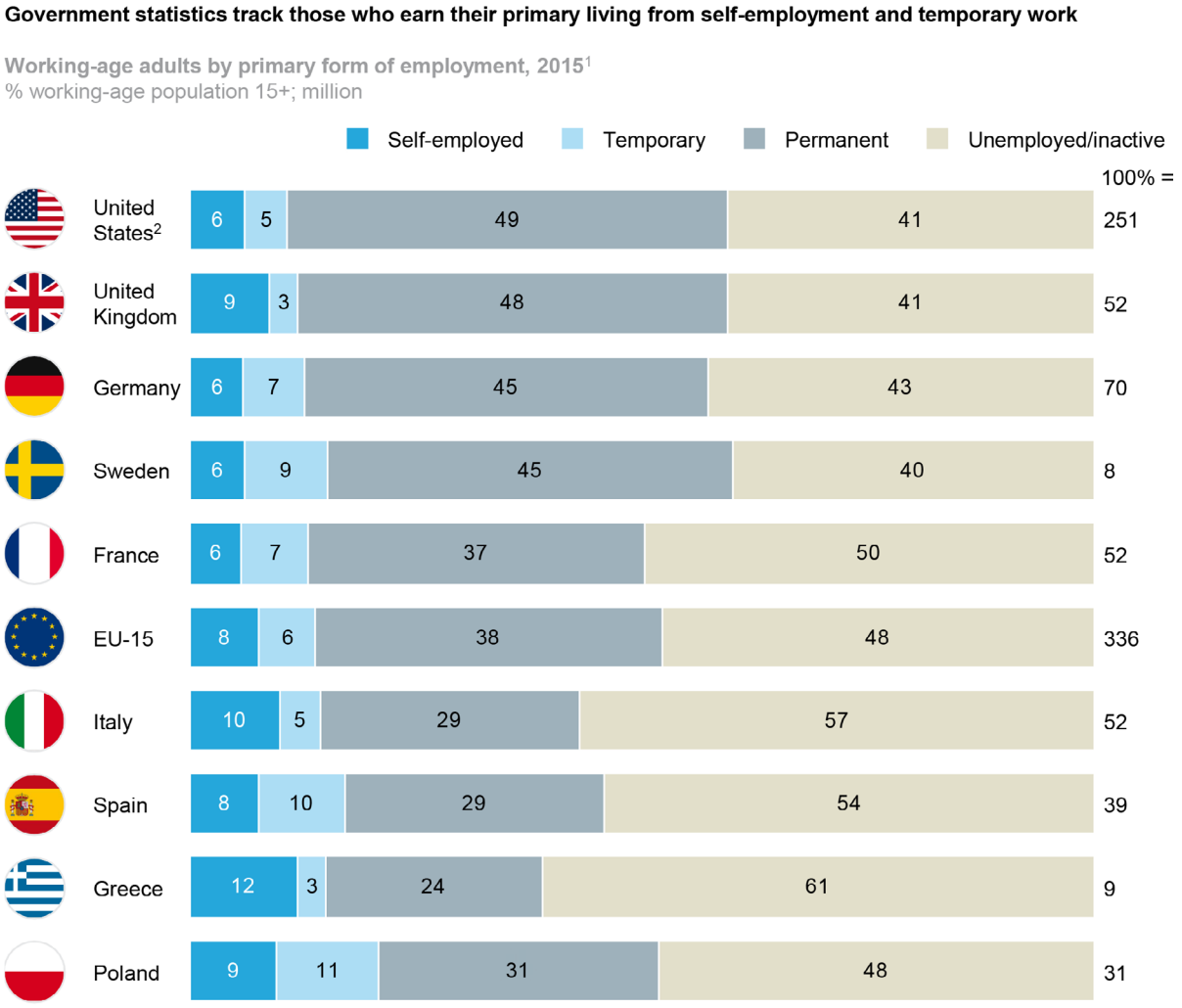


[8]https://www.businessnewsdaily.com/10359-gig-economy-trends.html

In today's world, there are millions of freelancers, contractors, temps and on-demand workers in the world all having one thing in common: They're all part of the ever-expanding billion-dollar gig economy. They take up these short-term gigs either as a side job or their full-time source of income.

According to Payoneer's research, freelancers worldwide usually charge around an average of $19/ hour. In a sample size of 21,000 global participants, it was found that half of all the respondents were under 30. There was an extensive study done by McKinsey Global Institute, estimating that there are 162M freelancers just in the US and EU.

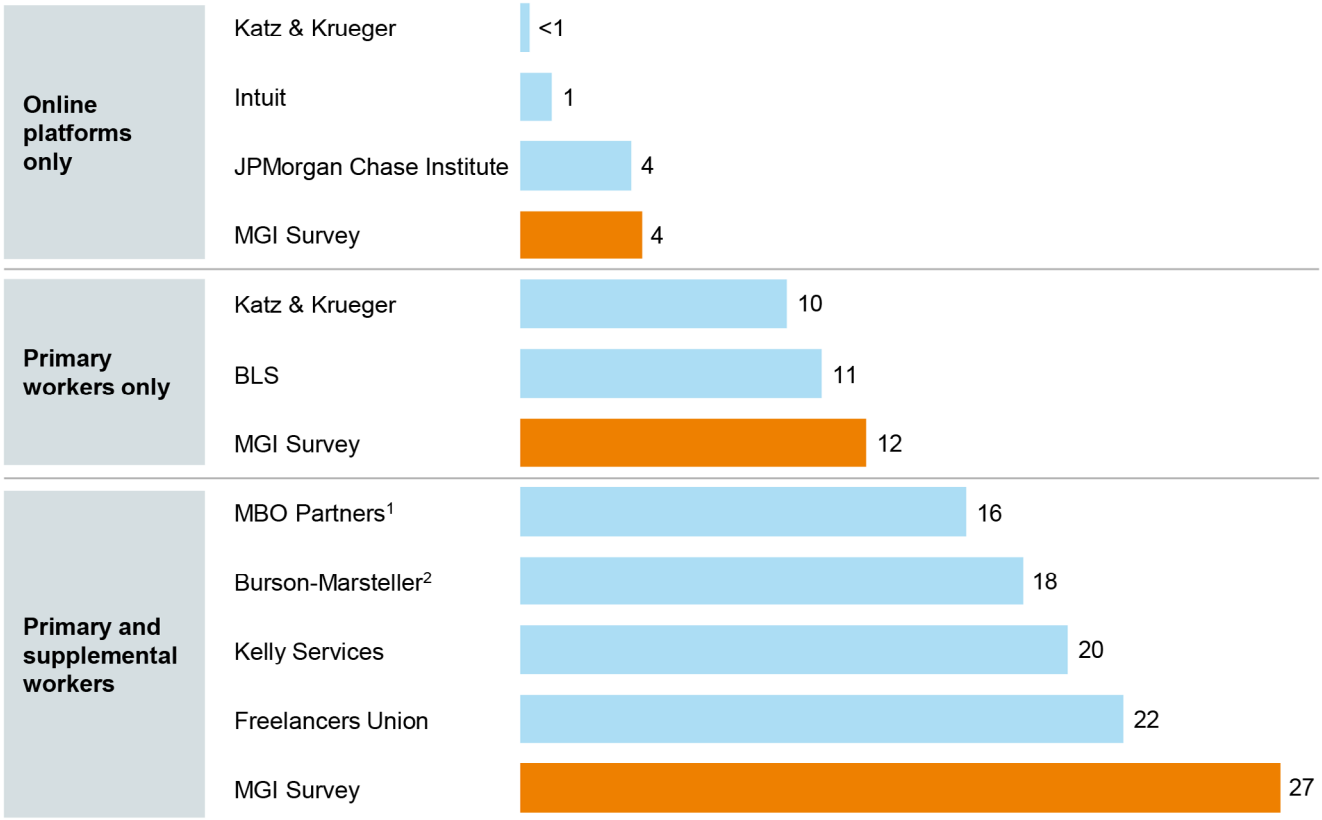
The images below give a brief understanding of government statistics[9]:



[8]Ages 15+, except in the United States, which is 16+
Self employment includes incorporated and unincorporated. Temporary calculated using Katz and Krueger. The rise and nature of alternative work arrangements in the United States, 1995 - 2015. The remaining categories include independent contractors, on-call workers, temporary help agency workers, and workers provided by contract firms.
Note: Numbers may not sum due to rounding

In the United States, multiple studies have attempted to size the independent workforce, using different definitions

Estimates of US independent workforce as % of working-age population



Note[10]

Platforms like Upwork.com and Freelancer have built their foundation on such statistics. Low income households and teenagers are more likely to use such platforms and earn extra income for a living. **Also, on such platforms, your skills matter more than the college degree you have.** This makes gigs accessible even for those who don't own a degree.[11]

Enkidu attracts these four types of freelancers, namely, "Free agents" who derive their primary income from freelancing, "Casual earners" who use freelancing as a supplement to their day job, the "Reductants" who derive some income from the freelancing market but would prefer traditional jobs, and lastly the "Financially strapped" who freelance to avoid a particular financial crisis.

The word **passive income** means **income** resulting from cash flow received on a regular basis, requiring minimal to no effort by the recipient to maintain it. While there's upfront work in creating this source of passive income, the rewards (if the project succeeds) could take significant financial pressure off the freelancer in the future.

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[10]Includes those who work full time (16.9 million), part time (12.5 million), or occasionally (10.5 million) as consultants, freelancers, on contract, or performing temporary or on-call work each week. Includes labor services and some leasing but excludes selling goods

[11] Source: JP Morgan; Intuit; Katz & Krueger; Burson-Marsteller; Freelancers Union; BLS; Kelly Services; MBO Partners; McKinsey Global Institute analysis

At Enkidu, we provide an alternative to working only for money - we incentivize and facilitate global collaboration with the end goal being generation of passive income.

The Solution - Enkidu

Trustless teamwork on the Blockchain

Enkidu is a platform that makes global collaboration easy for small teams and projects looking to make passive income.

With an easy to integrate payment gateway, any individual can not only find collaborators on the platform, but also engage in seamless small business building, with minimal legal and accounting overhead - the simple kinds you would face on freelance platforms like Upwork!

Unlike most other ICOs, Enkidu's solution cannot survive without the Blockchain, making it a "Blockchain native" app. Since Avalon Labs partners with several companies across the world, Enkidu is a solution to our own problems. We've partnered with companies and individuals from said companies doing billions of dollars in yearly revenue, while still maintaining profit sharing partnerships with companies making less than $5,000 a year.

In essence, we are competing with a legal and financial instrument that is decades old - something that **can be made seamless with Smart Contracts**. Apart from a plethora of game changing technology, our platform is open, safe and easy to use.

What is Enkidu?

Enkidu helps small global and local teams collaborate with ease. While larger companies will want their legal joint venture to incorporate customized demands and also minimize revenue share to a smaller number; Enkidu is built to power much smaller businesses in an easy fashion. There are more small businesses (with a headcount of less than 5) in the world than large enterprises where the legal process is largely undisrupted.

The core functionality of the app is centered around a unique payment gateway, that makes the entire process trustless. Here's what Enkidu offers:

- A global collaboration platform where individuals can find like-minded collaborators - designers, engineers, developers, creators, e-commerce experts, content writers, small ticket investors and even coffee brewers. All of this on a public platform with each individual carrying a rating.

- A digital contract that binds collaborators on mutual acceptance, with payment splitting figures decided beforehand. This splitting happens in ENK tokens.

- A "**resolution**" voting system that has a private record of resolutions passed by the collaborative entity - allowing people to vote on decisions like dilution, treasury threshold, etc. Unlike a full-blown DAO like Aragon, this resolution system is lightweight and built for organizations under 5 employees. **The payment gateway programmatically obeys the resolutions passed.**

- The ability for all types of businesses with products or services to **make investments with their tool or service** and enter payment splitting agreements. Eg: A collaboration that uses a CRM tool could choose to pay the CRM tool in a % of payments instead of cash if mutually decided beforehand.

- A time-locked smart contract vesting system that prevents premature rewards post a collaborator's departure.

- A mechanism for setting a treasury threshold and maintaining liquidity.

- A mechanism to prevent treasury and IP abuse with Enkidu holding the collaboration domain in escrow.

- An abuse-proof votekicking system that allows teams to remove poor contributors, along with IP Protection.

- A sales and affiliate commission mechanism that works programmatically.

- A graduation system that allows projects, once large enough, to move off the system; essentially forming a Joint Venture or a partnership.

- All of the above tied to a Smart Contract based payment gateway that handles trustless payment splitting.

The Enkidu Flow

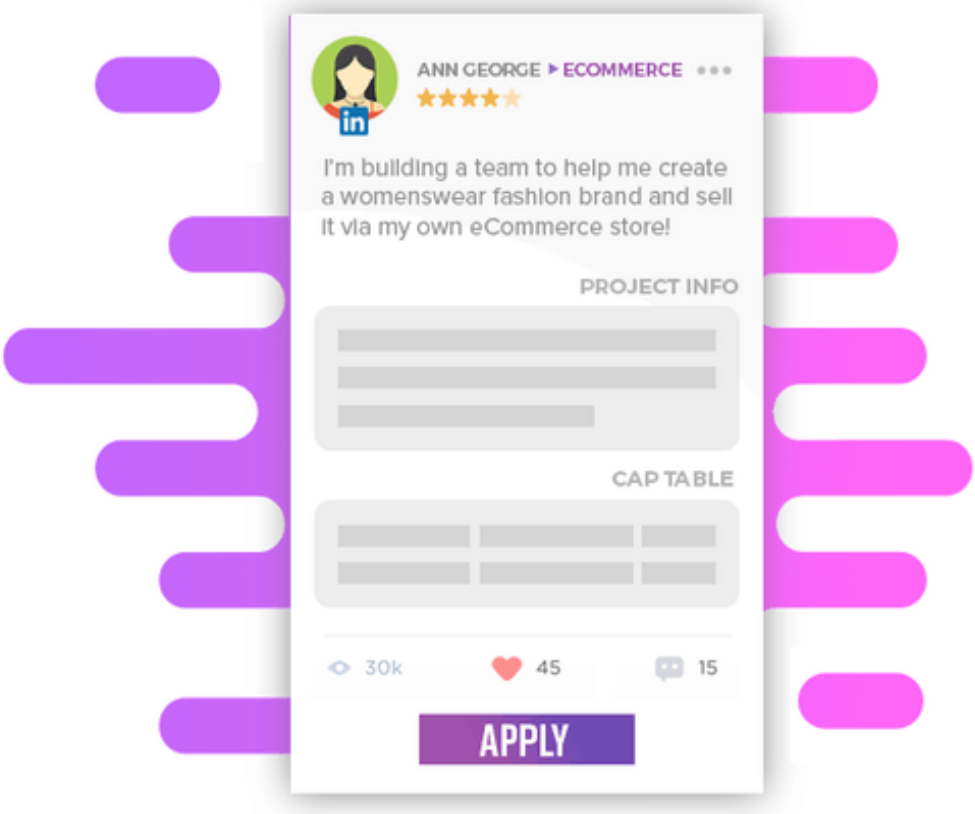
In order to fully understand the value of the Enkidu system, let's run through a simple hypothetical case study. Let's assume Ann George wants to start an eCommerce store where she wants to sell a line of clothing for working women across the world. The only resources she has are the idea, a Bachelor's degree in Fashion design and well spirited passion.

She's looking for a developer to build her e-commerce store, a marketing person to help her run ads and build a social media presence and an individual who would be willing to invest a little into her company to fund the first few months of operations. Let's run through how she'd use Enkidu to build a seamless business.

1. The Collaboration platform

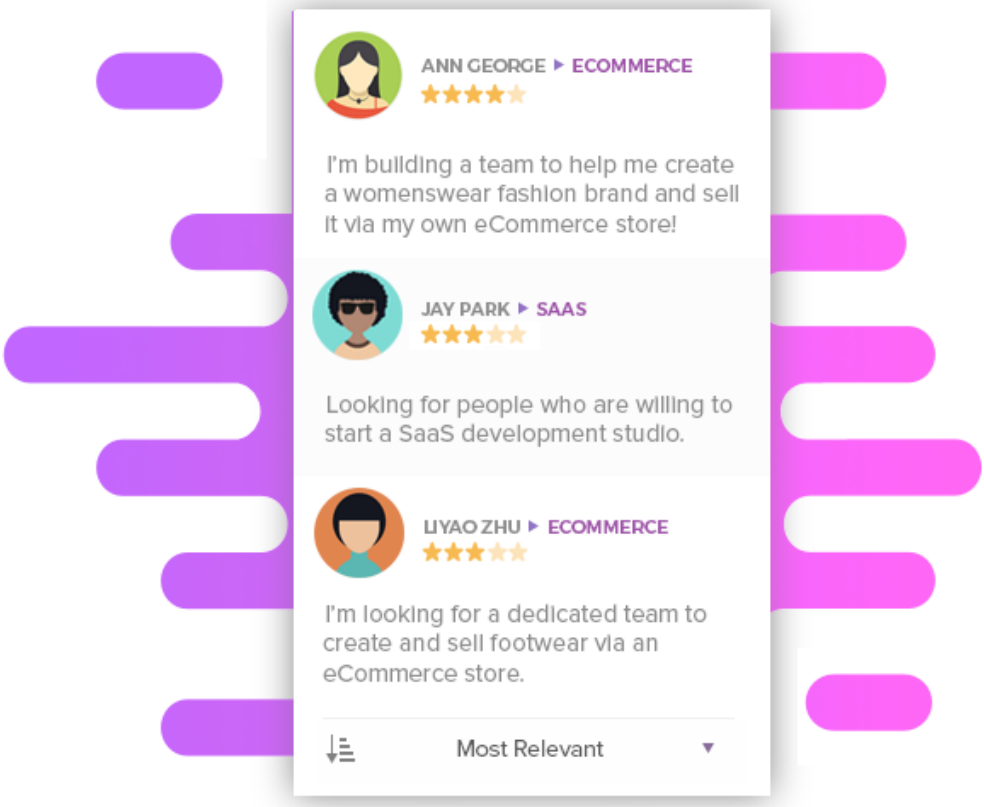
Through Enkidu's advertising, word of mouth or video/text content marketing, she arrives on the platform. She then proceeds to make a **Collab Posting**, deciding to take 40% of the split of incoming payments. In the deductibles section, she sets the Collab's treasury value at 25%. The system performs simple math, setting the unallocated pool at 35%. She also sets the Intellectual Property Ownership to "Owned by majority" to incentivize people to join her project.

On the Collab posting, she puts a brief description of the idea, the requirements and her own credentials. She then waits, hoping for a reply. She also has a "rating", that is not available at this point, but will become available once she has worked with a few collaborators; a simple measure of her credibility.



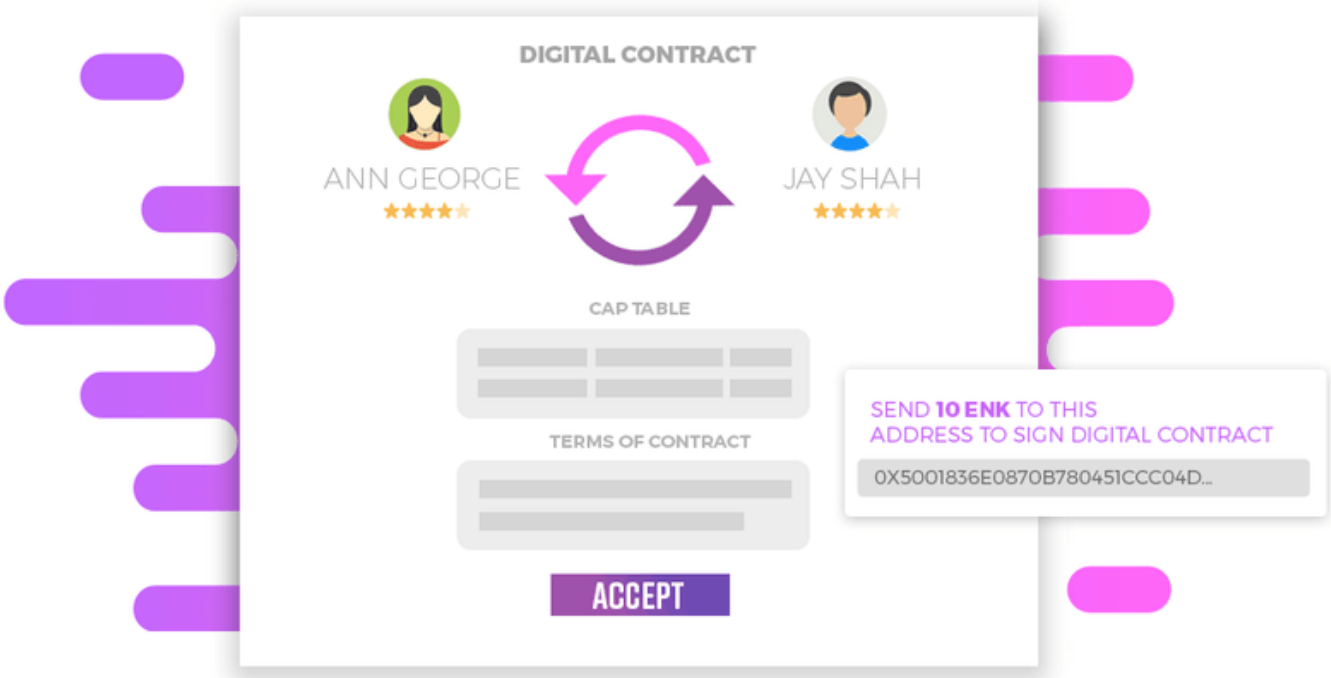
2. Finding collaborators and digital contracts

Let's assume Jay is a UI/UX and graphic designer from India who used to spend time on freelance platforms earlier and now wants to invest his time working on projects that might make him passive income.



He sees Ann's posting and thinks that her idea of a line of clothing for working women across the world sold online makes sense. He puts a bid in, proposing to do graphic design for her for 1 year at a price of 25% payment split. This 1 year would be his vesting period. Since Ann hasn't set a vesting period for herself, the platform sets it to 1 year by default.

After some negotiating, Ann and Jay agree that Jay will own 20% payment split. This negotiation happens on the platform. She passes a resolution on the platform to "**Add Collaborator**". They then sign a digital contract that costs 10 ENK token to execute.



Here's what the cap table looks like now:

NAME	PAYMENT SPLIT (IN %)
Ann	40
Jay	20
Treasury	25
Unallocated	15
Total	100

The updated cap table now publicly reflects across the platform.

Adedayo, an Egyptian developer, takes a liking to Ann's project as well and bids for the remaining 15% unallocated pool. He agrees to only work with her for a vesting period of 6 months after which he will move on to other projects. Excluding the treasury, Ann still holds majority of the allocated portion, so she passes a resolution to "Add Collaborator". Ann and him agree without further negotiation and they sign a digital contract for a price of 10 ENK.

Here's what the final public cap table looks like:

NAME	PAYMENT SPLIT (IN %)
Ann	40
Jay	20
Treasury	25
Adedayo	15
Total	100

3. Voting on dilution

Angus, a British Uber driver who is looking to invest some money in exchange for passive income happens to chance on Ann's project. He reaches out to Ann and agrees to invest $15k in exchange for 10% payment split. Ann agrees, but realises her collaboration's cap table is full. She then passes a **resolution** on the project, "Vote Dilution", with a value of 10%. Resolutions, as mentioned before, are business decisions that are recorded and need a majority vote to pass - similar to how things would work in the offline world. There are several resolutions on the Enkidu platform, which will be described in detail later.

On Enkidu, a resolution passes if at least 51% of the non treasury pool agrees, as seen in previous examples, where Ann always had majority. For this example's sake, let's assume Ann and Jay agree, while Adedayo disagrees. Ann and Jay's combined 60% beats Adedayo's 15%, out of a total of 75% (25% is the neutral treasury).

Thus, the dilution resolution passes. "Dilution" means that all entities on the cap table including the treasury lose a certain percentage of their holdings to make space and create some unallocated space. In this case, all collaborators lose 10% of their holding, making space for 10% unallocated pool.

NAME	PAYMENT SPLIT (IN %)
Ann	36
Jay	18
Treasury	22.5
Adedayo	13.5
Unallocated	10
Total	100

This is then offered to the investor, Angus, after passing another resolution to “Add Investor”. Assuming the majority of the pool decides to bring Angus on, a digital contract is signed for the price of 10 ENK between Ann and Angus. Investors on a project have no lock-in or vesting periods.

NAME	PAYMENT SPLIT (IN %)
Ann	36
Jay	18
Treasury	22.5
Adedayo	13.5
Angus	10
Total	100

Similarly, voting can be used to increase the size of the treasury, kick poor contributors, add collaborators and more. A record of all these resolutions is kept on the Blockchain, public to the collaborators and investors on the project, but hidden from the rest of the platform, unless set otherwise.

As we keep growing the platform and understanding issues these small teams face, we will keep adding more resolutions over time.

4. Splitting payments with Products and Bots!

It is possible, similar to Angus's entry into the collaboration, a Bot or a Software as a Service tool can enter into an automated payment split agreement with Ann's team. Assume Ann wants to use a particular DIY eCommerce platform (like Shopify) to manage her online store.

After a mutual agreement between the owners of the product and Ann, the monthly recurring subscription price of that particular could be set to zero (or a subsidized amount), in exchange for, say, 5% payment split for a period of 1 year. The bot has no vesting, the 1 year here denoting the amount of time the payment splitter smart contract continues on until. **In the case of all the other collaborators and investors, the payment split time period is indefinite, unless set otherwise.**

In essence, this allows makers of products to invest their product itself in exchange for revenue sharing in the companies they choose to enter agreements with. Of course, picking the right investment matters if the company's goal is ROI; but this simple, scalable, Blockchain only mechanism has never been executed in the real world until now.

Let's assume everyone in Ann's team including the investor agrees to pass a resolution to dilute 5% in order to get access to a DIY eCommerce Platform for a period of one year. After one year, the cap table reverts to its previous holding structure because the time period for the bot runs out.

NAME	PAYMENT SPLIT (IN %)
Ann	34.2
Jay	17.1
Treasury	21.375
Adedayo	12.825
Angus	9.5
DIY eCommerce Platform	5
Total	100

5. Domain locking via Smart Escrows

When the project has to make a vendor payment (say, to buy raw material) or liquidate investor (Angus') funds, that money comes out of the Treasury. **The project owner, Ann, is the only collaborator allowed to liquidate treasury funds at the start of the project** (which are stored in ENK tokens) and convert them to FIAT money on an exchange (she will have to pay local taxes filed as "income"). This ability can be granted to other collaborators via a resolution. There is however, the possibility that Ann could simply walk away with this money. In an offline environment, it might be possible for the partners to find Ann and seize her store operations. In the digital world, Ann could simply go cold.

That's where Domain locking comes in. Like owning the keys to a brick and mortar store, holding the Domain name of the project in a **smart contract escrow** is how Enkidu can prevent the owner of the project (and any other collaborators with treasury access) from liquidating that money and going cold on her collaborators. Months of effort driving traffic, advertisements and brand recognition to the domain mean that the domain is the biggest revenue driver for the project.

While we've flowcharted several strategies to prevent unaccounted treasury dilution, we understand that most of those strategies (invoice uploading, token payment to vendors, majority resolution, etc) come with significant time burdens that could slow down business. Hence we've decided not to require majority vote to liquidate small amounts of treasury funds, although thresholds that require majority vote can be set in the collab options. Non responders in such cases vote with the board.

Some collaborators might not be comfortable with Enkidu as an entity holding the domain name in escrow. Therefore, once a majority resolution is passed, an automated transfer of domain can take place to the selected collaborator.

6. Votekicking and Time-Locked Vesting Smart Contracts

When an incoming payment hits this collaboration's gateway, the rewards are split according to the payment splitter cap table, in full, instantly. This only applies as long as they're actively working on the project, or have finished their vesting period.

If a particular collaborator is proven guilty of malpractice (breaking the law with regards to the particular project), poor contribution, or decides to voluntarily quit, then the rest of the team can pass a resolution to "**Vote Kick**" that individual. The person will continue to receive their split of the payments until their time period ends (for the collaborators in Ann's team's case, indefinitely) and the percentage of continued payment split depends on the amount vested until the day of the votekick.

Unvested ENK goes to the unallocated pool. If a project makes revenue with an unallocated pool, those unallocated pool revenues are split proportionally among payment split holders without hitting the treasury.

For simplicity, let's assume the bot isn't brought on to the project. If Adedayo is kicked (or leaves voluntarily) at the end of the 3rd month (out of his committed 6 month vesting period), then he will receive exactly half of his original reward (6.75%) indefinitely off every sale on the payment gateway post his departure. He will also lock that part of the cap table, and continue to have pro-rated voting rights. In case he does not vote on a particular resolution within a timeframe, the vote is cast along with the board. While he's still on the project, he receives his full share (13.5%) on every payment. Vesting only applies post his departure.

Since the payment gateway is linked to a cap table which is in turn linked to a domain, it would be hard for Ann and team to start a new project using Adedayo's work but without Adedayo's 6.75% payment split. They cannot do this without losing all the hard work put into driving traffic to that domain.

Vesting is performed using a **time-locked smart contract system** that slowly opens up as time goes on, until he completes his vesting period. In Adedayo's case, 100% of his payment split vests within 6 months, his committed period; and that payment split lasts indefinitely. Vesting is only meaningful after a collaborator leaves or is removed from a project.

Project leaders and investors cannot be Votekicked from projects. We do not want to encourage project leaders being overly cautious with their cap table (by owning a large chunk of it to prevent tables being turned). Remember, a project is typically driven by its leader's passion and hard work in its early days.

With small projects, we've seen the responsibilities of a founder take a back seat once processes and people are in place. This might be mistaken as a lack of contribution, triggering a votekick, which Enkidu effectively prevents. One option for the rest of the team is to initiate a freeze on the treasury until a majority vote is passed. This cannot be done if the project leader owns the IP of the project. It is possible for a collaboration to have multiple leaders, in which case one of the leaders becomes the treasury owner to make payments. **IPs can be transferred via resolutions.**

Investors cannot be kicked for obvious reasons, but it is possible to initiate a resolution to buyback his payment split if necessary.

7. A sales and affiliate commission mechanism that works programmatically

So far each Enkidu project has relied on one payment gateway. However, it is possible for one project to have multiple payment gateways (transfer addresses), enabling instant sales/affiliate commissions.

Anastasia, a Ukrainian fashion blogger wants to help drive traffic via her blog to Ann's eCommerce store. She ties up with Ann and receives her own payment gateway that enables her to receive a 10% commission on every sale made via her gateway. She can embed this gateway directly into her blog or link to a page on Ann's domain.

There are two gateways at play for the same project:

Gateway 1 Cap Table

NAME	PAYMENT SPLIT (IN %)
Ann	34.2
Jay	17.1
Treasury	21.375
Adedayo	12.825
Angus	9.5
DIY eCommerce Platform	5
Total	100

Gateway 2 Cap Table

NAME	PAYMENT SPLIT (IN %)
Ann	30.78
Jay	15.39
Treasury	19.2375
Adedayo	11.5425
Angus	8.55
DIY eCommerce Platform	4.5
Anastasia (Sales Commission)	10
Total	100

Note that Anastasia only receives commissions on sales made via Gateway 2. An automatic dilution takes place for this sales commission gateway. While no resolution has to be passed for the dilution, a resolution has to be passed to "**Add Affiliate**". Simple and seamless.

8. Graduation

Enkidu is built specifically for small businesses. This enables teams of under 5 collaborators to build and sell online without having to create a company or deal with legal and financial overhead. However, in its current incarnation, Enkidu is not a good choice for bigger teams or company to company joint ventures. We understand that at some point, projects will stop becoming about passive revenue and "graduate" into full blown companies. At this point, Enkidu allows for a final type of resolution: "**Convert to Company**".

This resolution, once passed, does the following things:

- Liquidates the treasury proportionally into each collaborators account
- Sends across a lawyer friendly log of contracts and resolutions with detailed financials (audit friendly)
- Closes the project, transfers the domain to the owner and allows for the IP to be moved to a new entity

Let's reflect on what Enkidu allows you to do. Effectively what we're providing is a pass-through structure for cross-border collaboration without the requirement of a company entity. We believe that at scale, it makes more sense (right now) to convert to a legal entity capability of limiting the liabilities of its partners. While allowing company to company ventures and larger collaborations via Enkidu is on our roadmap, there are several roadblocks along the way, namely:

- Liability implications
- Liquidity implications
- Regulatory implications
- Vendor payment implications
- Payroll implications
- Insurance implications
- Tax implications

We've been considering tying up with a government (Dubai/Singapore) that has favourable tax rates and floating something similar to a Delaware C-Corp, with the entire rule-structure on the Blockchain. Called an "**Enkidu**", this might be an entirely new smart contract based way to run a company. That's not on the cards in the next one year at least as there is significant governance and lobbying effort involved that might make more sense as time passes.

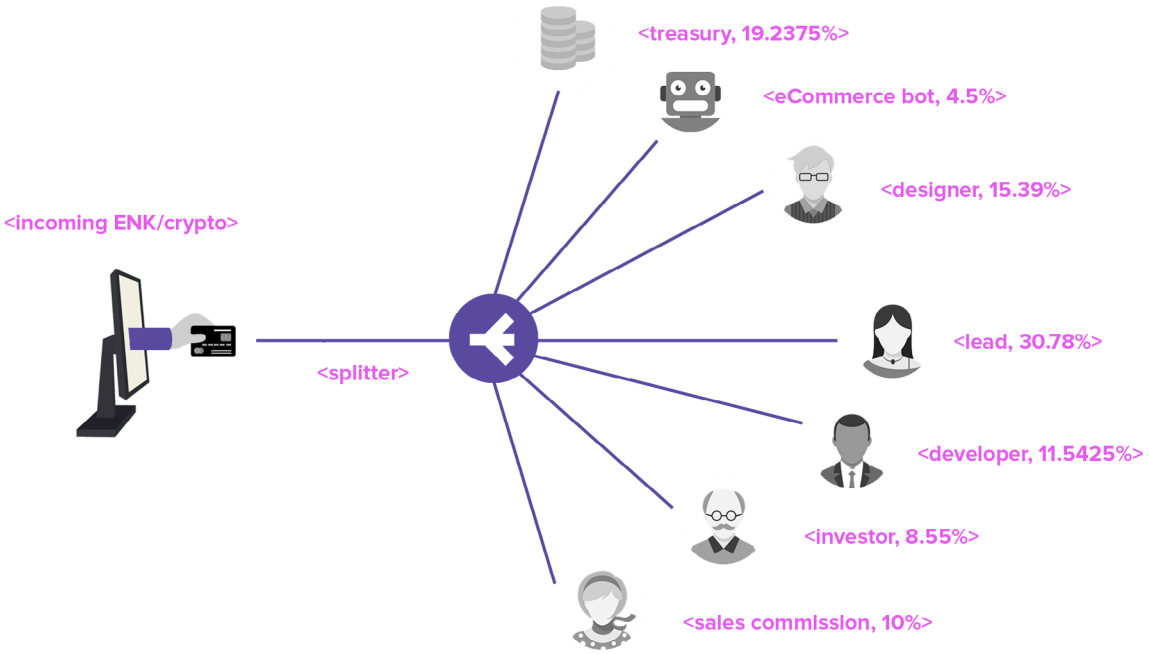
9. Resolution Recap

Here are all the resolutions currently available on Enkidu:

- Add Collaborator
- Add Bot Collaborator
- Add Investor
- Votekick
- Vote Dilution
- Transfer Domain
- Explanation Resolution
- Shut Down
- Add Affiliate
- Transfer IP
- Add Treasury Owner
- Withdraw Locked Escrow Funds
- Convert to Company
- Buyback resolution

We are working on more resolutions - effectively bringing the offline legal process of company governance online.

10. The Payment gateway



The Payment gateway is where all the action (and math) happens. In fact, the Enkidu payment gateway is simply a smart contract address that is generated for each project. Sometimes, multiple addresses are generated for each project to facilitate sales commissions and affiliates. End users (customers) pay in ENK tokens, ETH, BTC or in FIAT currency.

If a payment is made via ETH, BTC, we use an exchange API (floating our own token exchange in the future).

- Once the Payment gateway has converted the incoming payment into ENK, the payment splitter smart contract kicks in, with the ENK pool being split across portion holders on the cap table.

- The Smart contract honors time periods and calculates rewards based on vesting periods, while distributing vested funds to respective payment split holders. All vesting happens post departure. Collaborators can set risk exposure by setting “time to withdrawal” - which can be instant, 24h or a custom period. This determines when the inbound ENK is converted to FIAT via an Exchange API for the collaborator.

11. Transaction fees and token appreciation

Enkidu takes a fixed 0.5% transaction fee for every transaction on the platform. This 0.5% fee is split into **two equal parts.**

- The first half goes to the Enkidu team, for business operations.
- The second half is burnt from existence, thereby appreciating the value of the token as more transactions take place on the platform. As the platform scales, so does the value of the token.

The ICO

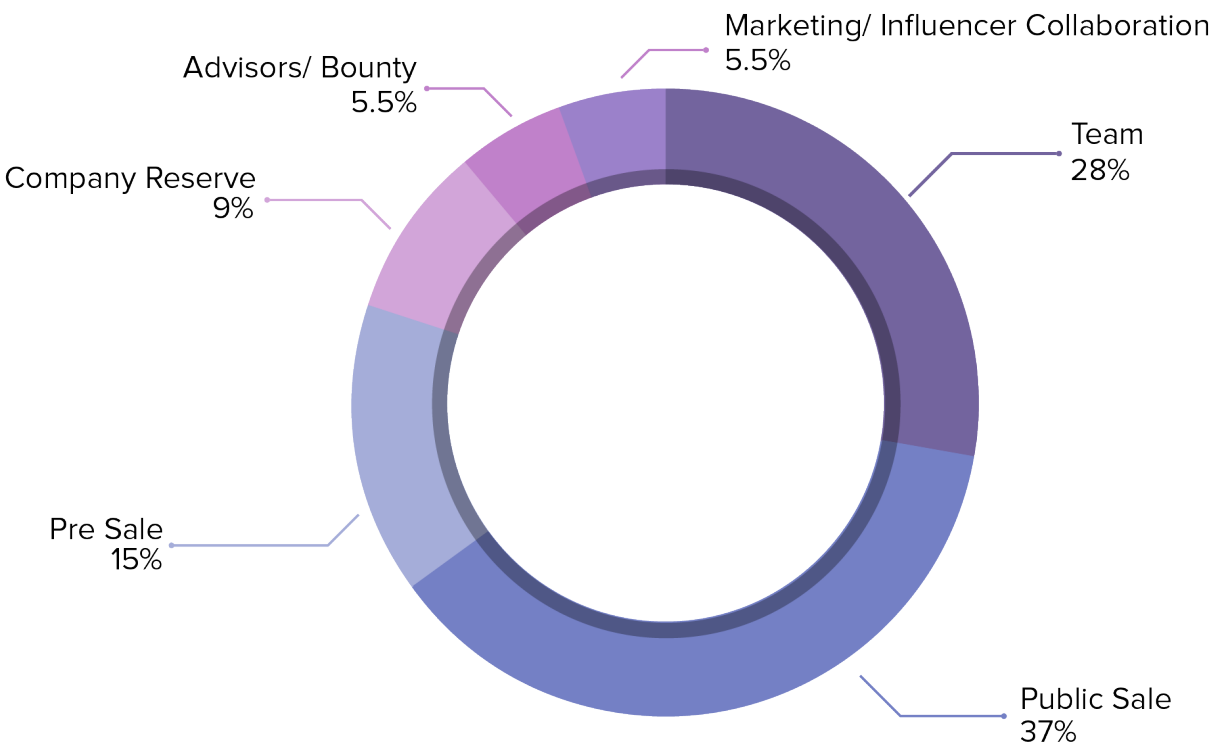
A successful ICO will allow ENKIDU to hire exceptional talent, pay for marketing, conduct promotional offers and build the ENKIDU platform.

Token Summary

Symbol	ENK
Standard	Ethereum ERC -20
Soft Cap	$ 5 million
Hard Cap	$ 30 million
Total Supply	1,500,000,000 ENK

Token Distribution

Max Supply of ENK tokens – 1.5 Billion



Token Allocation

A total of **one and a half billion** ENK tokens will be created. The ENK tokens will be allocated accordingly :

- 15% (225,000,000) of the tokens will be distributed by our company to early private pre-sale purchasers. **Price per token during the private pre-sale will be at $0.037 with a Hard cap of $5M. Bonus during presale will be 40%**

- 37% (555,000,000) of the tokens will be distributed by our company during the public sale. **Price per token during the Public sale will be at $0.056 with a hard cap of $25M.**

- 9% (135,000,000) of the tokens will be kept as company reserve to incentivize the community and users on the Enkidu platform.

- 5.5% (82,500,000) of the tokens will be used for marketing purposes and influencer collaborations.

- 5.5% (82,500,000) of the tokens will be used to onboard advisors and strategic partners. 7,500,000 tokens out of this pool will be used for bounties.

- 28% (420,000,000) of the tokens will be reserved for Avalon Group and all the existing shareholders of Avalon Group. **All the tokens reserved for the team will have a vesting period of 12 months.**

- All unsold tokens during the pre-sale will be redirected towards the main public sale.

- All unsold tokens during the public sale will be transferred to the Enkidu company reserve.

Public Pre sale

The Presale will begin on March 12th, 2018 and will last for a period of 14 days. The presale contribution period will close on March 26th 2018. All unsold presale tokens will be transferred to the public sale.

Presale will have a hard cap of $5M USD.

Presale Token Terms:

- **Price per token:** $0.037

- **Tokens sold during presale:** 225,000,000 ENK

- **Discount during presale:** 40%

- **Price per token after discount:** $0.022

- **Minimum Contribution:** 0.1 ETH

Public Crowd sale

The public crowd sale is set to be from 15th June and will last for a period of 60 days upto 15th August. The tokens will be distributed to token sale participants two weeks after the crowd sale has completed. This two-week time period is for the Enkidu team to run our internal audit.

The public token sale will follow the following structure:

- **Price per token:** $0.056
- **Tokens sold during Public Sale:** 555,000,000 ENK
- **Minimum Contribution:** 0.1ETH

Tier 1

- **Total tokens sold during Tier 1 -** 333,000,000 ENK
- **Tier 1 Bonus:** 25%
- **Price per token after bonus:** $0.042

Tier 2

- **Total tokens sold during Tier 2 -** 138,750,000 ENK
- **Tier 2 Bonus:** 15%
- **Price per token after bonus:** $0.048

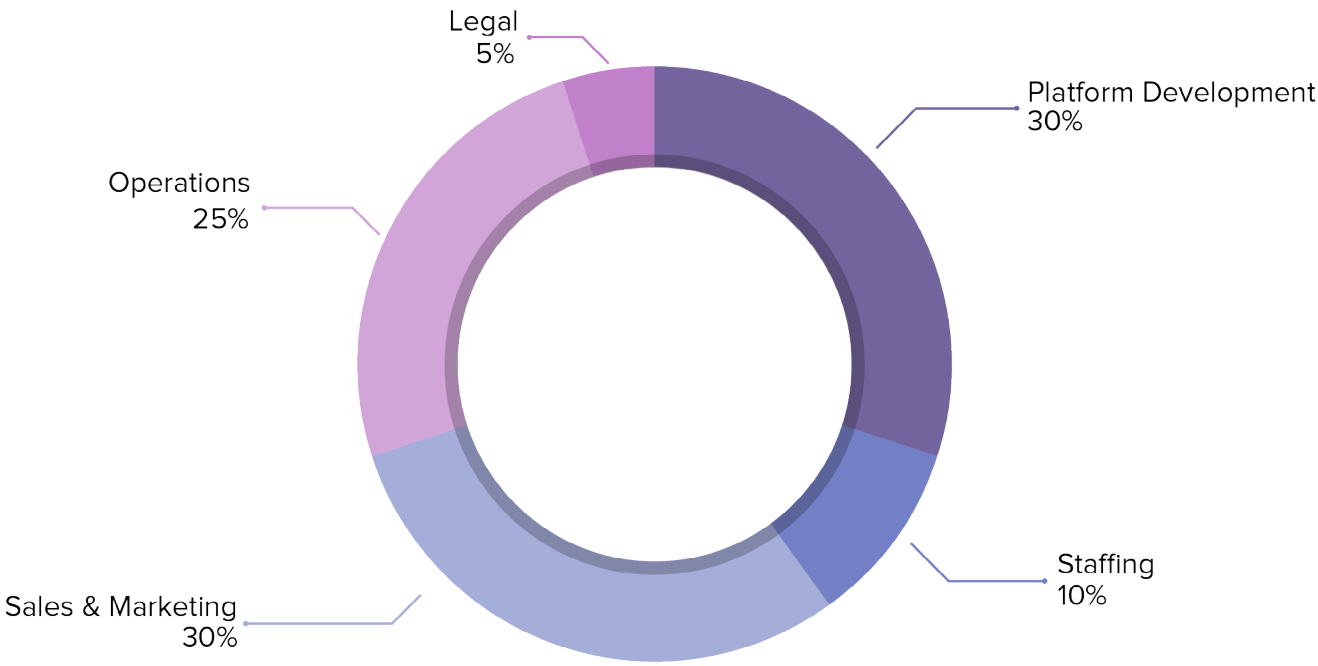
Tier 3

- **Total tokens sold during Tier 3 -** 83,250,000 ENK
- **Tier 3 Bonus:** 10%
- **Price per token after bonus:** $0.051

Public Crowdsale will have a Hard Cap of $30M

Exchange rate will be decided one week before the public token sale. Accepted currencies during tokensale are – BTC, ETH.

Use of Funds



Company Reserve

Enkidu will have a pool of 135,500,000 ENK tokens which it will use to fund growth on the platform. The bounty pool helps us incentivize people on the platform with ENK tokens. For example, Ann George decides to use Enkidu to start her first global collaboration project. After assembling her team, she activates the project by signing the digital contract. As soon as this happens, Ann George receives free ENK tokens in her wallet as an incentive for starting her first project.

Eventually we will have a milestone based reward system that rewards the entire team and the project admin with ENK tokens for reaching sales targets. Affiliate marketers will also get rewards based on certain milestones.

The liquidity reserve will give us the ability to offer attractive discounts and various promotions to our end users. After gaining some traction on the platform, the company bounty pool can be used to Airdrop tokens to existing token holders after taking a snapshot of the blockchain.

USA, and China citizens will not be allowed to participate in this ICO

The Team

A little about Avalon Labs

Enkidu is a project by Avalon Labs, a profitable 30-man team that builds and invests in software startups. Avalon's interest areas lie in VR/AR, SaaS, Blockchain tech, microbiome sequencing tech and liquid nutrition.

Avalon partners with 40+ companies across the world, including respected blockchain companies like Factom, HedgeToken and The Soho Loft.

Some of our existing products can be found at CalmIndia.com (a research backed 4 week cognitive behavioural therapy course), Foxbound.io (a full stack email outreach and sales engagement tool) and ContentStation (our content as a service offering).

We're based out of Horamavu, Bangalore - so if you're swinging by, give us a call on **+91 9029490094** and we'll show you around.

Team

Varun Mayya
CEO

- Author of freelance collaboration book, “Pajama Profit”(published by Bloomsbury of Harry Potter fame).

- Raised first round of VC capital at the age of 20 for popular online recruitment marketplace platform, Jobspire.

- Jobspire saw over 4 million requests in 2016, helped over 190,000 applicants find jobs and 1500 companies hire. Jobspire had key partners in companies like Uber and Swiggy. Exit in Feb 2017 by TurnToTech, New York. Started Avalon Labs mid-2017 with his own capital.

- Angel investor, early Ethereum investor, Rails/React developer. Hired over 200 people across his career.

Shashank Udupa
Operations

- Ex-IIFL Investment Banker, $3.5Bn stock listed diversified financial services company.
- Closed several multi-million dollars during his stint at IIFL, including 2 Series E companies.
- Studied Masters in International Management from Strathclyde, Glasgow.
- Co-founder, Avalon Labs.
- Early Ethereum, Ripple investor.

Abhinav Arora
Marketing

- Managed over $1.5Mn in ad spend.
- Manages a team of 20 Hubspot certified content and marketing experts.
- Cumulated video views he has worked on have over 1Mn views across channels.

- Platforms he has helped market have seen a total inbound traffic of 49M visits in 2017.

- Ex-Yourstory. Has worked with Factom, GlobalBlockchain, HedgeToken and 25+ other startups as an independent contractor.

Investors and Advisors

David Drake
Investor and Investment Advisor

Sits on the board of WePower (Raised $40Mn), Naga ICO, LaToken. Manages $1.5 Trillion in assets, including a $200Mn crypto fund.

Jay Smith
Advisor

Jay Smith is Chief Marketing Officer at Factom, one of the Blockchain ecosystem's oldest and most respected companies.

Anshumani Ruddra
Product Advisor

Anshumani is ex-VP Product, Practo ($650Mn), ex-VP Product Hike Messenger ($1.4Bn). He brings deep knowledge of marketplace building expertise to Enkidu.

Ramgopal NC
Product Advisor

Ramgopal was the Director for Program Management at Emirates ID Authority, UAE. He built the world's only completely paperless National e-Voting System and National ID Card. He now works at Technovations Unlimited as a Technology Consultant.

Giovanni Lesna
Finance Advisor

Giovanni is the Chief Commercial Officer for HedgeToken (iShares of Crypto).

Divyashish Jindal
Blockchain Security Advisor

Divyashish runs Jacobi Partners, an ICO consulting firm that has advised 11 successful ICOs such as Verime.mobi, Trakinvest.ai, Budbo etc.

Partners

Road Map

Tangible Targets

Q3: 2017

- Idea Validation by several product heads, CEOs and VCs
- Idea Validation with freelancing community (Upwork/ Truelancer) interested in passive income generation
- Avalon Labs internal Solidity experiment created, led by CEO himself
- Enkidu edge case experimentation
- Onboarded Themis Associates (Sequoia Capital India's Lawyers) for collaboration edge case flowcharting

Q4: 2017

- "**Resolutions**" concept created and cross verified with offline legal JV process
- Avalon Labs spin off and early self-funding ($50k)
- First equity financing round from Purvi Capital, Chicago ($100k)
- White paper research and composition

Q1: 2018

- Token Pre-sale
- Token Crowdsale
- Release of ENK tokens

Q2: 2018

- Release of Product architecture
- v1.0 of Smart Contract payement splitter gateway
- Core platform alpha version released

Q3: 2018

- v0.5 Web Platform Core released (MVP)
- v0.5 Mobile Platform Core released (MVP)
- v1.0 Digital Contracts system released

Q4: 2018

- Public Beta released
- Fully functional resolution system, IP protection and smart vesting
- v1.0 Graduation system released
- v1.0 Bot investment system released

Q1 to Q2: 2019

- v1.0 Enkidu Web, Mobile
- Sales/Affiliate commission gateways
- Singapore based Token Exchange (FIAT <-> ENK)
- Third party product and vendor integrations (ENK <-> ENK)
- Discussion on building a new form of Blockchain governed company, termed an "**Enkidu corp**", in conjunction with a receptive government
- Discussion on enabling Company to Company Joint ventures via **Enkidu corps**