kleos

A blockchain-based rewards platform that will allow to increase engagement in Q&A online communities and monetize user-generated content.

kleos

Contents

Executive Summary

The Kleos project is creating a high-quality user generated content question-and-answer social network based on blockchain technology and token incentives for participants. Like Quora, Stack Overflow, and other web-based systems, participants can ask and answer questions on a variety of topics. Unlike those websites, our token-based system allows individuals to be directly rewarded for the content they create.

The Kleos system can also be integrated, through the Kleos API, into other websites, so that companies and other organizations can create a thriving community that not only participates and contributes, but is also compensated for their contribution on the site. Because the token economy expands as more people use it, these separate Kleos-based knowledge markets can still use the Kleos basic tokens and benefit the users and the economy as a whole.

Industry

It is expected that one of the main disruptions that blockchain technology will cause is in the area of content and knowledge. Currently, people who contribute content on social media sites get no reward other than the use of the social media site. Meanwhile, the social media site leverages the content for its own advertising income, with the exceptions of LinkedIn (subscription revenue) and YouTube, which is the only major social media site which does reward its high-volume content producers with a percentage of advertising revenue. Bloggers and publishers with a large following on their websites, likewise, can use Google Adsense to gain some revenue based on their website visitors. Again, this is not a direct payment for the value of the content, and to a large degree rewards people for being good at gaining traffic, rather than being good at writing content.

Another problem with advertising is the increasing use of Adblockers by consumers. Adblockers reduce the revenue of social media and question-and-answer sites. Because of the pervasive and irrelevant advertising, more and more consumers are blocking ads, threatening the underlying business model of these sites. Adblocking software is free and is now used by 11% of Internet users. More impactfully, Internet users in developed countries such as Canada, Australia, Europe and the US use Adblockers at an even higher percentage, up to 29%, meaning that the sites revenue are impacted dramatically by the richer countries having higher blocking of advertising. This presents an opportunity for a new model of supporting content, as the existing networks are being threatened.

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Participants in websites such as Quora, Yahoo Answers and Stack Exchange illustrate the insatiable need that people have for expert advice. Yet, except for Stack Exchange, none of these communities recognize people's contribution over time by giving them more power to moderate or more weight to their answers. People's expertise is, by and large, self-declared and they may or may not be experts. Upvoting on specific answers and following specific people is possible, yet, the basic problem remains. Experts are not compensated directly for their efforts and contribution. Even where contributors are given more power on a particular platform, like on StackExchange, Reddit or Slashdot, the "karma" is only useful in the confines of the platform itself. None of the compensation has monetary value outside the platform.

Facebook, to some degree, even penalizes organizations with large followings, forcing them to pay large advertising costs in order to reach the audience that has chosen to "follow" the organization's page. The larger the following, the more Facebook charges for advertising. In other words, you pay more if you create better content or are better at attracting users to Facebook's site. This model is broken.

The primary content creation model for Q&A sites like Quora is the indirect reward model, where people create content on their blogs, social media channels and other channels in order to gain professional recognition for their other services. This idea has become so popular that Forbes[1], Fast Company[2] and Entrepreneur Magazine[3] feature articles hailing books as "the new business card." In other words, businesspeople should write a book for free, spend the money on publishing and distribution, and use their content to get business in their area of expertise. In other words, your content is just a marketing ploy, and you should not expect to be paid for the time invested in researching and publishing your knowledge. A side effect of this, by the way, is that these providers keep their best content as paid content. If you pay for the book, you get all the knowledge, so only partial knowledge is shared on the knowledge base. If people are directly compensated, they would be more open to sharing their "best secrets."

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1   https://www.forbes.com/sites/forbescoachescouncil/2016/04/07/why-you-should-be-using-your-book-as-a-business-card/

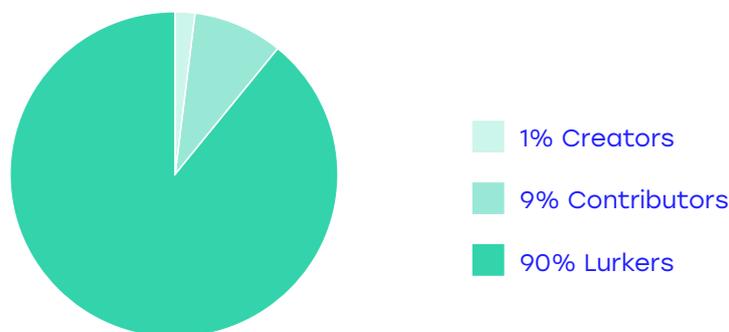2   https://www.fastcompany.com/3001359/why-books-are-ultimate-new-business-card

3   https://www.forbes.com/sites/forbescoachescouncil/2016/04/07/why-you-should-be-using- your-book-as-a-business-card/#441ba3992b96

Another problem that reduces the richness of the answers available is the issue of lurking, where only a small fraction of the members of a Internet community actively participates in creating content. Providing an incentive could double or triple the number of participants, making the communities more representative, and offering alternative viewpoints and additional knowledge.

Fundamentally, a business model where people use their expertise to get business creates a conflict of interest. For some people, answering these questions is a major part of their job, and substitutes for marketing of their products or services. In this model, the people who are highly active as experts are people who have their own commercial interest in mind. There's practically zero incentive for real, neutral, objective individuals to spend time on these platforms answering questions. People who do so do it as a form of contribution or entertainment, and as such, they don't give their time regularly in a way where they can be relied upon as neutral and reliable sources of expertise.

Another problem that reduces the richness of the answers available is the issue of lurking, where only a small fraction[4] of the members of a Internet community actively participates in creating content. Today, fewer than 10% of people participate by commenting and reacting to posts in online communities. Only 1% actively contribute on a regular basis. While not everyone needs to participate, providing an incentive could double or triple the number of participants, making the communities more representative, and offering alternative viewpoints and additional knowledge.

■ 1% Creators

■ 9% Contributors

■ 90% Lurkers

4   https://en.wikipedia.org/wiki/1%25_rule_(Internet_culture)

The Cryptocurrency Opportunity

Cryptocurrency provides a unique opportunity for communities built around knowledge sharing. Although, as a society, we say that knowledge is power, we have not, until now, found a way to compensate people purely for their knowledge of particular subjects outside of research institutes and universities. Yet, every individual has questions they would like answered, including many questions that have monetary value and need a true and objective answer.

Quora, StackExchange and other non-blockchain Q&A sites see more than a billion visitors monthly. This enormous market, again, is proof for the insatiable hunger for answers to important questions. Kleos offers a major improvement by implementing blockchain technology and token mechanics to provide a more equitable system of compensation, giving back value to who deserve it.

The creation of token economies represents the first time in modern history where individuals in a community can create their own currency as a form of value that not only can be traded within their community, but also with the wider world. By manufacturing a value-based token, individuals can reward one another for specific behaviors, and allow those rewards to be expressed in currency with real world value. Within this environment, we already have a model with Steemit, a social network that allows people to earn STEEM (+4,000% in the last 12 months) for their contribution.

Steem, a blockchain-based social media site, already boasts close to 200,000 members. The social network is not designed in a question-and-answer format, but is more a competitor to social news aggregation websites like Reddit. In fact, we see Steem as more of a proof-of-concept that there is a huge audience waiting for an improvement over today's social media platforms.

Furthermore, Steem has a complicated token structure. It has made major changes to its token economy and white paper several times since being founded, and we stand to learn from those changes.
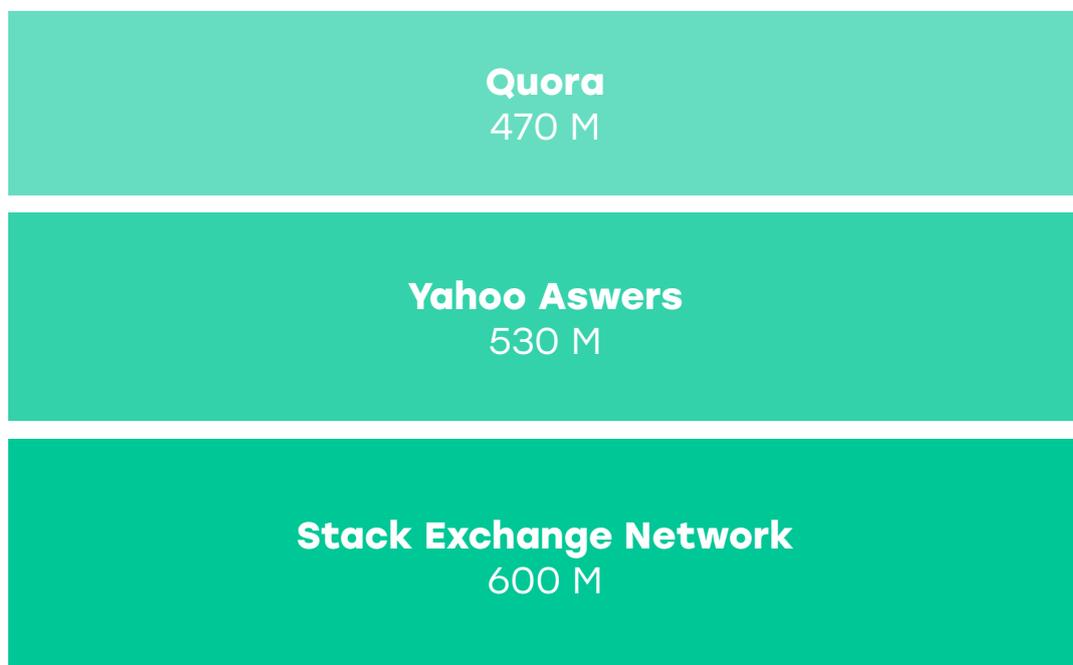
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It's anyone's guess how the market will develop, but one thing is clear: you get what you compensate people for. With blockchain technology, we have an opportunity to compensate people in a new way, according to rules that we set. Blockchain represents a unique opportunity to compensate experts for their content directly, and to encourage specific community behaviors that will ultimately improve the quality of the information people can get from their peers, as well as to create communities that encourage participation from a diverse range of experts. Blockchain enables identity management that can block people who are identified as harmful to the community's openness, and token economies allow penalization of behaviors that are undesirable.

Monthly Visits
1,600 M

Quora
470 M
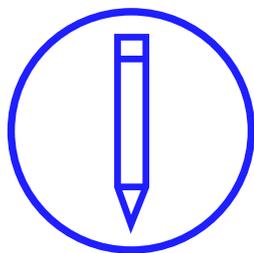
Yahoo Aswers
530 M

Stack Exchange Network
600 M

Source: Similar Web

Challenges

Challenges for Content Creators

For content creators who are using advertising-based sites, the advertising being shown does nothing to benefit them, and, in fact detracts from the quality of the content presented. Companies who host content are devalued because the advertising is often scammy or spammy, hurting their reputation. Finally, for those sites, the use of adblockers is a threat to their business models. As readers become less tolerant of advertisements, this eats into the basic revenue stream for content creation.
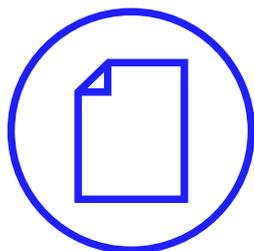
Not compensated for the quality of their content.

Need to be good both at content and at traffic generation.

Only way to get compensated is through advertising, which provides no value to their readers (and is, in fact, a distraction from the content itself). Furthermore, advertising revenue usually goes to the hosts, such as Quora and Yahoo, not to content creators.

Need to withhold their "best secrets" as paid content on their own private website, and hope people make purchases.

Challenges for Content Consumers

Readers have been facing increasingly invasive advertisements, many of which are from companies who are, at best, using aggressive advertising tactics, and at worst, advertising hoaxes. Thus making the reading experience less pleasant. As a result, consumers are increasingly turning to ad blockers.

Being bombarded by advertisements.

Not being able to compensate people who provide value.

Not knowing the reliability of the answers they get.

Receiving content from people who could have a hidden financial interest in providing that information (this affects Quora in particular).

"Best secrets" are often withheld as paid content on a separate website.

Challenges for Existing Q&A Websites

Adblocking challenges the advertising-based business model.

Lurking: many participants who could be participating just read answers and do not have incentive to participate.

Poor quality of answers (Yahoo Answers in particular).

Inability to offer bounties and other incentives for very important questions.

Experts may have a hidden (or open) agenda and provide biased information, instead of focusing on the quality of their content (behavior often observed on Quora).

Fake news, fake opinions and fake identities.

Challenges for Webmasters Who Want to Create a Q&A Website

Companies who want to create a dedicated Q&A website or a knowledge base for their existing user base, require some kind of incentive system to encourage participation. However, in today's model, the gamification is limited and has to be fully sponsored by the company. For corporate or organizational knowledge bases, the challenges are:

Seeding activity in new communities.

Getting the most knowledgeable (and therefore often the most busy) users to actively participate.
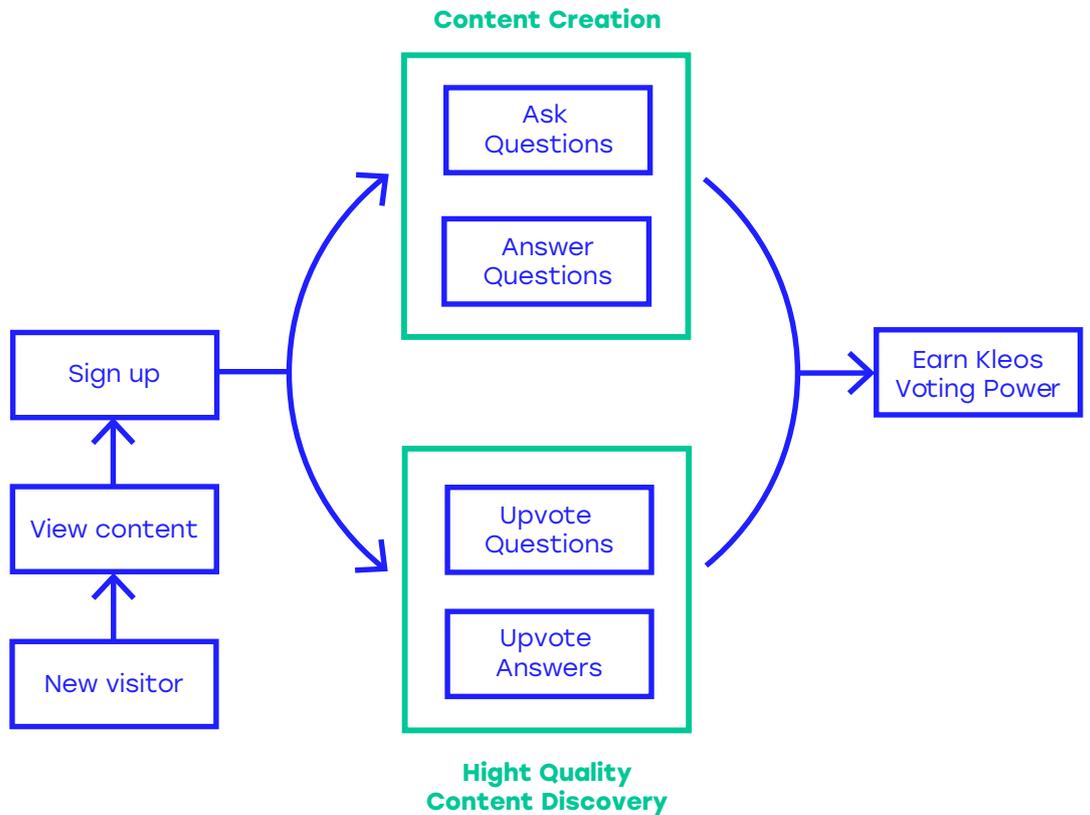
Difficulty in converting consumers in contributors.

Difficulty in compensating people for quality and participation.

Solution: Kleos

A blockchain-based rewards platform that will allow to increase engagement in Q&A online communities and monetize user–generated content.

Kleos will be creating a Q&A platform that allows people to ask questions and get multiple answers from experts. Unlike today's platforms such as Quora and Yahoo Answers, the Kleos platform will have a token economy underlying it, allowing content contributors to be compensated for their contributions to the platform, and for the readers to reward those users with credibility and authority. This token economy avoids today's advertising-based model which detracts from the reader's experience and also de-incentivises the best content creators, who would prefer to keep their best content on their own proprietary sites, with compensation through paid services and information. Furthermore, the Kleos API can be integrated as a plug-in for any Q&A application, for example, a company support knowledge base. Companies can compensate the people who are their champions and contributors in the Kleos token, which is valuable outside of their corporate network.

Content Creation

| Ask Questions |
| Answer Questions |

| Sign up |

| Earn Kleos Voting Power |

| View content |

| Upvote Questions |
| Upvote Answers |

| New visitor |

Hight Quality Content Discovery

Token Economy

Kleos Token (KLS)

Kleos Token will have an initial annual inflation rate of 8,5 %. The inflation rate will decrease at a rate of about 0,5 % per year. The inflation will continue decreasing until it reaches 1%. The creation of new tokens will not start until a stable release of the platform will be available to the public. These new tokens will be used to create a reward pool that will compensate users for high quality content creation and discovery.

Reward Pool

Kleos rewards come from a pool of KLS that accumulates and is distributed, over a 8 week period, to the active users that create and curate content, based on their content score.

70% is awarded to the authors of the best answers.

20% is awarded to the author of the most interesting questions.

10% is awarded to curators (the people who upvote early on soon-to-be popular questions and answers) as a reward for discovering valuable content.
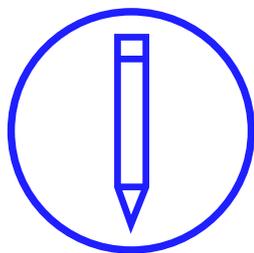
Kleos Voting Power

Users are able to lock their Kleos tokens for a 8 week period in order to get additional benefits within the platform. KLS that has been committed is called Kleos Voting Power (KVP).
When users vote on questions or answers, their influence over the visibility of the content and the distribution of the reward pool is proportional to the amount of KVP they hold.
Users can vote for more posts, but each vote will have less value.
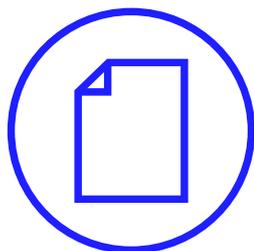
Business benefits

Content Creators

Rewards and compensation are directly related to the value of content they produce.

No annoying ads that distract their readers from content.

Earnings for their expertise which was otherwise provided free-of-cost with the hope that someday the rewards would come from an alternative source.

Elimination of dependence on advertising model, meaning adblockers are no longer a threat.

Content Readers

Reduction of lurking: increase of participation as lurkers become contributors. Instead of 1% of contributors, token incentives could dramatically increase contribution rates. When people are directly compensated, we can create a richer and more representative knowledge base.

Ability to reward the content providers they like best.

Ability to use bounties to get answers for important questions.

Vetted content and quality content ranked according to expertise.

No disruptive or intrusive advertising.

No need to put adblockers or special permissions around adblockers to view the site.

Q&A Websites Owners

Ability to provide incentive to their most knowledgeable users for creating and answering questions on the platform.

Ability to create a community of contributors around products and services.

Utilization of the Kleos token will expand the community using the token, without any cost to the website owner who is using the system for their knowledge base.

Simple API for plug and play to any system.

Reduction of customer support requests through a reliable knowledge base.

Token Holders

Opportunity for token holders to gain from the growth of the platform.

Ability to influence the topics covered in the community and encourage the writers they enjoy to write more.

Ability to influence the quality of the answers in the community.

Participation in a lively and expanding community.

Kleos Token Sale

In order to fund the development of the Kleos ecosystem, 300,000,000 ERC20 tokens will be created on the Ethereum blockchain and 150,000,000 of them will be sold during the crowdsale event. The price will be 5,000 Kleos Tokens for 1 ETH. The maximum cap will be 25,000 ETH

Kleos Tokens will be distributed to the participants no later than 30 days after the end of the Token sale.
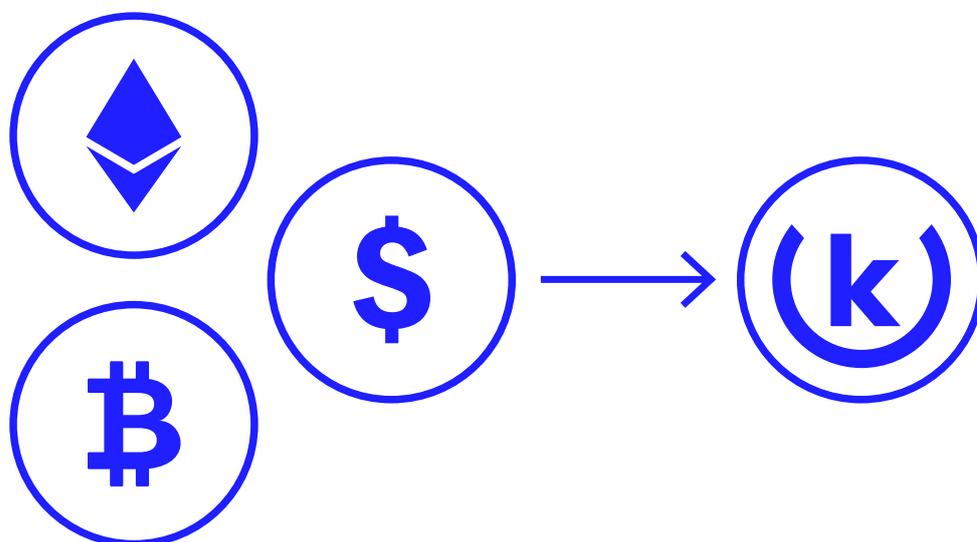
Token Sale

150,000,000 Kleos Tokens are allocated for the token sale.
Unsold token will not be created.

Market Development
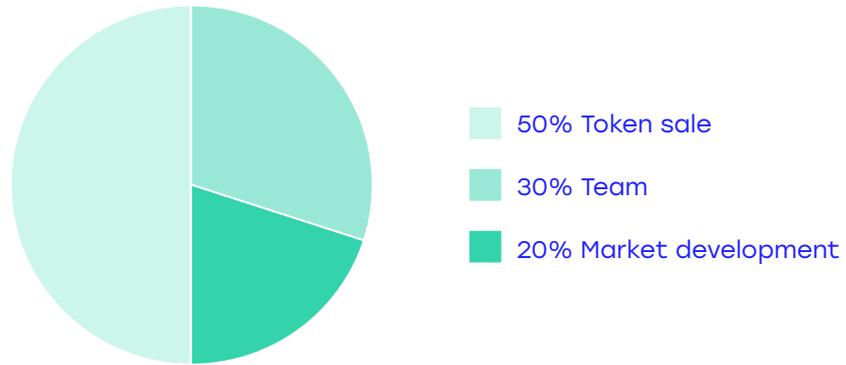
20% of Kleos Tokens will be used to encourage developers and website owners to integrate KLS with their websites, and to attract high quality content creators from existing Q&A websites.

Kleos Team and Advisors

30% of Kleos Tokens will be reserved for Kleos founders, employees and advisors. These tokens can't be immediately transferred due to time-based restrictions on their use.

Token allocation

- 50% Token sale
- 30% Team
- 20% Market development

Use of Funds

- 50% Software development
- 30% Marketing and business development
- 10% Misc and unexpected
- 5% Legal & accounting expenses
- 5% Operational expenses

Token sale

Symbol	KLS
Total Tokens Supply	300M KLS
Tokens for Sale	150M KLS*
Token Main Sale Price	1 ETH = 5,000 KLS
Pre-Sale Supply	50M KLS
Token Pre-Sale Price	1 ETH = 6,500 KLS (30% Discount)
ERC20 Token	Yes
Presale Period	February 5 – February 26, 2018
Main Sale Period	February 26 – April 2, 2018
Minimum Cap	3,000 ETH
Maximum Cap	30,000 ETH
Accepted Currencies	ETH, BTC, USD, EUR
Token Distribution	Up to 30 days after token sale ends

*Unsold tokens will not be created

Security

ICO website

Connections to the website will be only available through an encrypted SSL connection. Cloudflare services will be used for DDoS mitigation, Web Application Firewall and load balancing. Website security will be audited by a 3rd party.
Users will be able to activate Two-factor Authentication to add an extra layer of security on their account.

Wallet

Top security for the funds collected during the ICO will be guaranteed by a combination of multi-signature and hardware wallets. The withdrawal of funds from the multisig wallet will only be possible if there are at least 2 signatures of team members.

Smart Contract Auditing

An independent 3rd party security firm will audit the code on a regular basis.

Bug Bounty

Kleos will maintain an open audit where anyone can submit a bug fix for a reward. Our team will assess each submission individually and assign a level of severity according to its likelihood and impact to the security and performance of the token itself. Compensation will depend on the severity of the issue found:

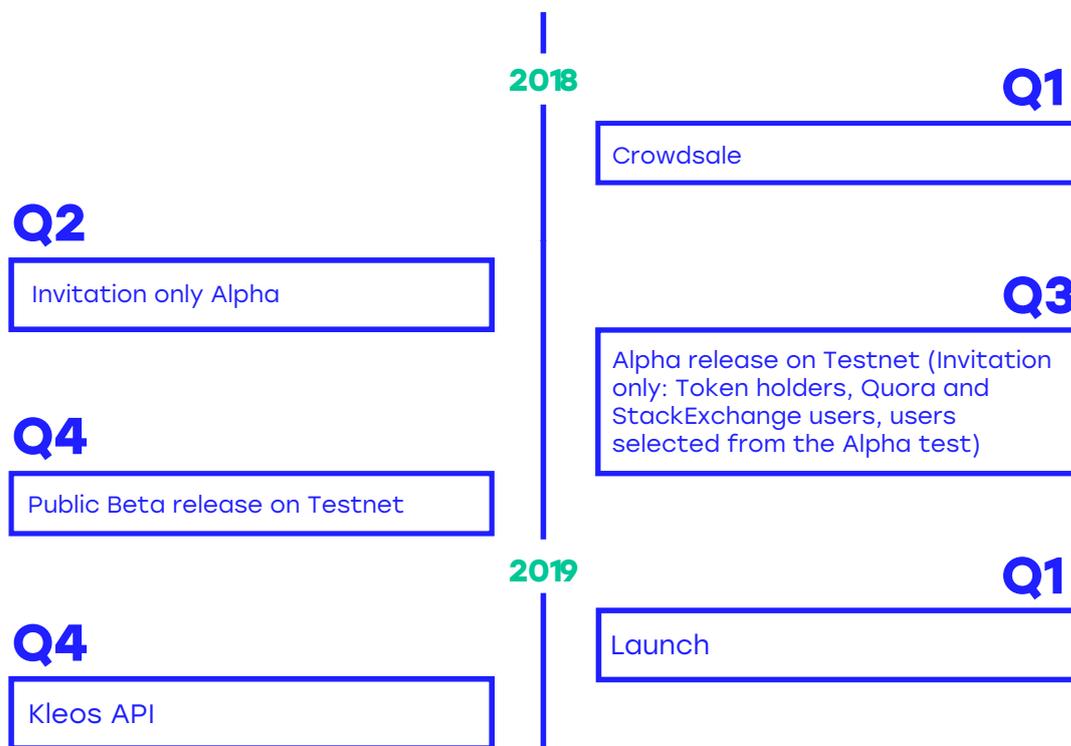| |
|---|
| Low: Up to $1,000 USD |
| Medium: Up to $2,500 USD |
| High: Up to $5,000 USD |
| Critical: Up to $10,000 USD |

Kleos employees and paid auditors are not eligible for bounty compensation. Rewards will be issued only after the crowdsale, if the minimum cap is reached.

Roadmap

2018

Q1

Crowdsale

Q2

Invitation only Alpha

Q3

Alpha release on Testnet (Invitation only: Token holders, Quora and StackExchange users, users selected from the Alpha test)

Q4

Public Beta release on Testnet

2019

Q1

Launch

Q4

Kleos API

Team

Leroy Plozner, CEO
Over 15 years of experience in web development and web marketing. Founded Innova Group in 2010, a company which owns successful online properties such as FilePlanet and PCGame. He's also an investor in cryptocurrencies, real estate and renewable energy.

Nicola Baisero, CTO
Software architect, analyst and programmer with a decade of experience. Currently CTO of Innova Media, developing a variety of solutions including blockchain apps on the Ethereum platform.

Livio Caenazzo, Developer
Livio has over 10 years of experience of .NET and Java full-stack coding and design. He got involved on projects focused on many different areas such as public health, home automation and tax management.

Alessandro De Prato, Developer
Alessandro has created a number of projects in the areas of finance, security, money, and cryptography. He holds a BS in Computer Science from the University of Udine.

Edoardo De Stalis, UX/UI Designer
Expert in new media and art. Graduated at the Academy of Fine Arts of Venice.

Alessandro Paolini, Advisor
Certified chartered accountant and business consultant – partner and co-founder of Studio Paolini - Sistema Impresa. He works with clients who start new business with high level of innovation. Experienced with international tax issues and international company law. More than 25 years of experience in the financial and business consultancy.