



PRESTO

WHITE PAPER

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<http://presto-platform.io/>

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Abstract

With the popularization of blockchain technology, a new form of crowdfunding for development, which you issue and reveal a cryptocurrency in a digital environment and sell it for a fiat currency or a cryptocurrency, has emerged. The scale of such crowdfunding is increasing rapidly, but because of the high difficulty of development, many teams are giving up or fleeing halfway, and thus the success rate is also lowered. PRESTO a token sale platform that provides the function to automatically generate smart contracts that extend the DAICO model [1], offering the investor protection that enforces the correct use of funds; it drastically reduces the costs of smart contracts, token development, and token sales, and helps development teams focus on service development.

Furthermore, by introducing a token marketplace and a decentralized exchange (DEX), Presto will not just build the token sale platform but incubate new tokens and accelerate existing tokens to create a healthy and active token-sale ecosystem.



1. Status and Problems of Token Sales

Token sale is a new form of crowdfunding conducted on blockchain; you issue digital assets called cryptocurrency instead of stocks or bonds to sell it for real money or other cryptocurrencies with better liquidity [2].

According to EY's report, the scale of token sales has been growing exponentially in just a few months. In October-November 2017, a total of 460 billion KRW (1074 KRW/USD) was raised through a token sale for the two months. Token sale is very attractive when you have an innovative idea but cannot attract enough funds via existing system. For example, Brave, who issued the BAT coin, set a record of collecting \$1.16 million per second, and Decentraland made a record of collecting \$0.83 million per second, which were impossible to achieve with existing funding methods.

Although the token sale is increasing in quantity, it is also overcrowded; so, the cost of the sale for because of competition is also increasing. On average, it is reported that a minimum of about 500 million KRW, which are used for development and other expenses, are required for a successful token sale [3]. In addition, the procedure is becoming increasingly complex. On November 1, 2017, the United States declared that ICOs should be stipulated by the Securities Act [4]. On February 16, 2018, Switzerland issued guidelines for ICOs [5]. Also, many authorities are concerned about the possibility of abusing token sales for crimes such as money laundering [6]. Thus, there are more things to consider in token sales.

The biggest problem of current token crowdfunding is that investors do not have any binding power on the tokens they invested immediately after funding. The only thing that people participated in token crowdfunding can do is just hoping that the development team proceed with development conscientiously. In other words, current token crowd funding requires trust in the development team, and unlike the existing systems, there is no entity that guarantees the trust. It is not compatible with the philosophy of blockchain - the Trustless Institution. Therefore, there is a growing need for a new type of token crowd funding platform that does not require trust just as a blockchain technology should be.

Another problem is that it is not easy to develop a secure and efficient smart contract. Because they cannot be modified once deployed, smart contracts should be reviewed to be 1) safe and 2) efficient. Otherwise, all the problems that may arise in the smart contract can affect investors. If smart contracts are not programmed securely, you will be exposed to security risks such that tokens are issued or transacted without the owner's permission like in Decentralized Autonomous Organization (DAO) [7]. In November 2017, the Polkadot team faced a smart-contract flaw in the Parity Multi-Signature Wallet, and their 500K ETH were frozen forever in a wallet, which could lead to serious disruptions to the project [8].



It's important problem to program an efficient smart contract. Inefficient smart contract will incur a lot of commission fees, and it leads to the loss of investment for both investors and development teams. Checking the deployed smart contract codes, you can see that many development teams are overlooking the point.

Finally, legal problems such as money laundering may arise. In his response to the Korean Blue House petition [9], Hong Nam Ki, the head of the Office for Government Policy Coordination, said, "During the inspection, we have found money laundering through virtual accounts and some cases that customers' money is deposited in the accounts of employees of the business." As US SEC chairperson Jay Clayton also said, "Their cryptocurrency activities are not undermining their anti-money laundering and know-your-customer obligations." [10], authorities are closely observing the cryptocurrency market.

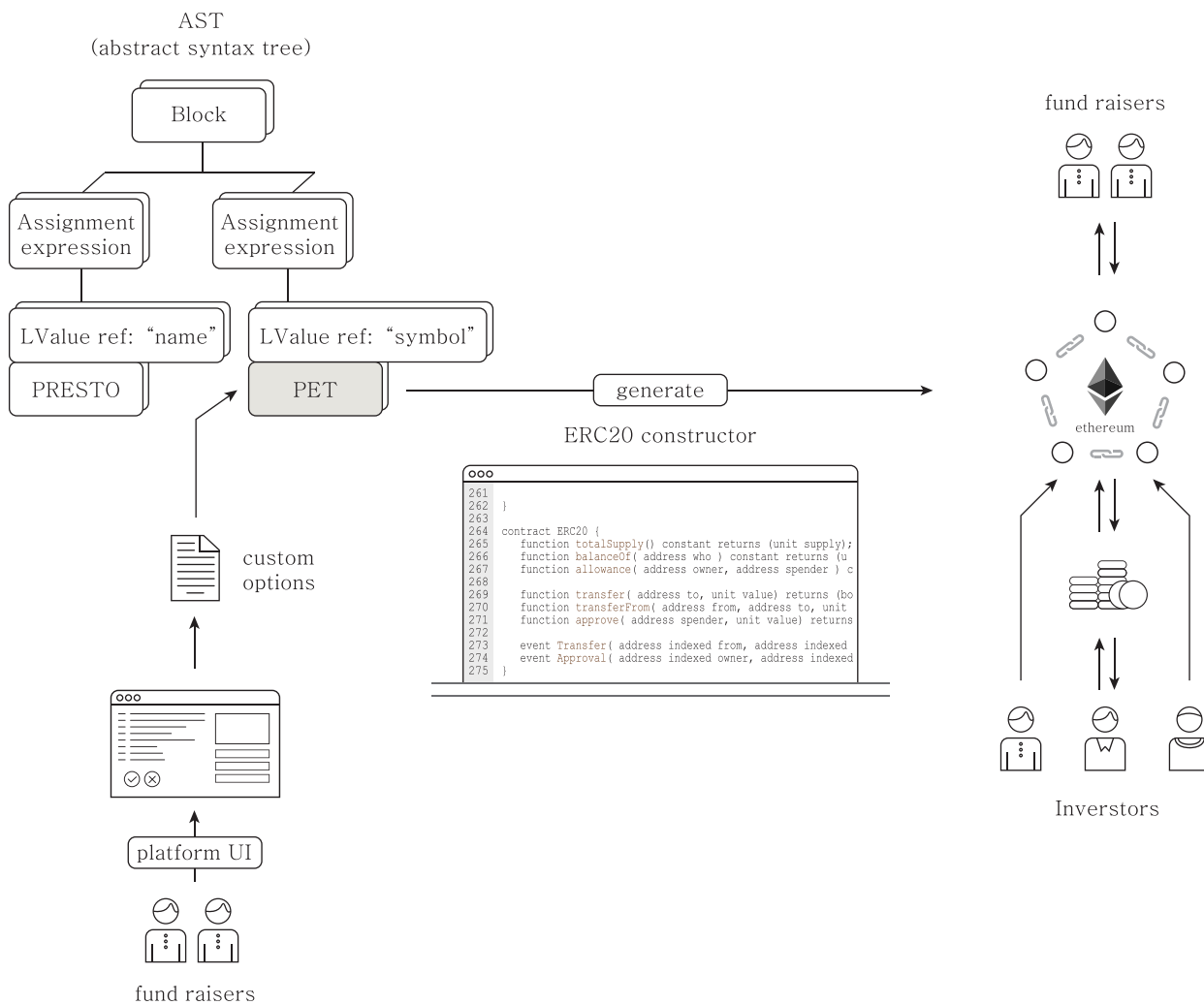
2. PRESTO Platform, the Future of Token Sales

2.1 Easy and Fast Crowdfunding Opening

Since the tokens used for most token sales follow the ERC20 specification, the only differences they have are token name, supply, token sale period, and free sale bonus, and the structures of their smart contracts implemented for token generation are quite similar as well. Some development teams do not invest the time and money required to securely implement token sale smart contracts that are the most reliable and secure due to lack of skills in smart contracts, or to validate the smart contracts they create. If we abstract the common parts of the smart contract code well, we can automate the creation of smart contracts and reduce the time required for verification.

PRESTO platform automatically generates a secure and efficient smart contract by getting the basic information of the token that the development team wants through a form [Fig.1]. Development teams can use PRESTO's smart contract auto-generation technology to save time and money to prepare token sales. The automatically generated smart contract is a core technology of the PRESTO platform; it is sufficiently verified and efficiently written so that developers will save time for review and invest the time in main project development.

PRESTO provides not only code generation feature but also a simple web page builder that allows the development team to easily create sophisticated websites with blockchain images. In the web page builder, you can create web pages that are connected directly to the platform through simple setting as in crowdfunding services, and the development team can place and edit their contents with simple operation. PRESTO platform automates and simplifies all the process aside from the development itself as much as possible, allowing the development team to focus on the project development.



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[Fig.1] PRESTO platform, technical overview

2.2 DAICO Model Application

Currently when a token sale is over, the development team can withdraw all the funds deposited in the smart contract, and if any problem incurs, the investors have to put up with it. Vitalik Buterin, founder of Ethereum, presented a new token sale model called DAICO in January 2018 to solve this problem. In the DAICO, the developers do not withdraw all the funds from the token sale at once; it allows the development team to withdraw the funds gradually through voting. In certain circumstances, funding may be canceled, and investors get refunded the funds bound to the smart contract. PRESTO also provides a more secure token sale method by adopting the concept of the DAICO model.



There are two main functions of the token sale at PRESTO platform. The first is sending the money raised by token sale to the development team in accordance with the preset periods instead of sending it at once. For example, funds raised via the token sale may be sent monthly through the smart contract over three years starting from the end of the token sale. These payment terms can be set in detail through the smart contract that you create before the token sale begins. With these conditions, the development team will continue to develop steadily without losing motivation and malicious scams can be avoided as well.

The second function of token sale at PRESTO platform is returning funds invested in the smart contract to the investor when the development team stops developing the project. The biggest concern for investors participating in token sales is that the development team stops developing after the token sale, or withdraws all funds and disappears. This concern incurs because of the problems of existing token sale smart contracts. At the end of the token sale, the development team takes over rights of all the funding, so there is no way for the investors to stop the development team from suspending development or withdrawing all funds. However, on PRESTO platform token sale, if the development team ceases to develop, the remaining funds will be returned to the investors' account addresses through investors' agreement. This capability is implemented through the concept of oracle in smart contracts, and most of today's token sale smart contracts do not support this method because of the high degree of difficulty in implementing it. PRESTO's token sale method, which is similar to the DAICO model proposed by Vitalik Buterin, will transform existing insecure and opaque investments into safe and transparent ones.

2.3 Legally Safe Token Sale

Anti-Money Laundering (AML) and Know Your Customer (KYC) are the processes that financial institutions usually go through when judging customers' qualification for loans. Famous cryptocurrencies such as OmiseGO [11] and Qtum [12] also completed the processes for their token sales. It is a necessary process, but it can be a hindrance to active investment because it is very cumbersome for both developers and investors. PRESTO platform will provide APIs to facilitate the processes, allowing various Legal Compliance Platforms to easily extend their services to PRESTO. If the AML and KYC processes are standardized, the following big advantages arise. First, identifications of the users on that platform can be protected, and those who once passed AML and KYC processes do not have to repeat the processes when participating in another token sale. This will provide users with safe and convenient services.



3. PRESTO Platform Composition

3.1 Token Sale Platform

PRESTO token sale platform is a safe and easy platform for token sale. Development teams can start new token sales with only ideas without Ethereum or PRESTO tokens, and the investor must have PRESTO tokens or Ethereum to participate in the token sales. As smart contracts and web pages for token sales can be conveniently made using the technologies provided by PRESTO, when a development team starts selling tokens on the PRESTO platform, investors just need to judge the vision of the project presented by the development team and decide to participate in it.

A token sale is largely made up of pre-sale and main sale. Pre-sale is to raise initial project funds by selling a small percentage of the total token sales volume in advance. The percentage of token total supply and pre-sale token volume can be set through the PRESTO smart contract auto-generation program. Investors can participate in pre-sales using PRESTO tokens, getting more development team tokens as a bonus than the main sale. The main sale takes place after the pre-sale and sells the rest of the token sale quantity. The information about token sale process such as the number of investors, the amount of tokens sold, and the money invested, can be viewed through the dashboard provided by PRESTO platform. If a token sale is successfully completed as the cap is achieved during the token sale, investors will receive tokens from the development team that are automatically issued by PRESTO's system and sent to each investor's wallet.

The development team can withdraw the funds raised by the pre-sale instantly for initial development costs; but the funds raised by the main sale are safely stored in the smart contract and are paid in installments over a period of time. After the token sales, investors can view the remaining funds and withdrawals in the smart contract of the development team, thereby enhancing the transparency of fund distribution.

3.2 Token Marketplace

It requires various tasks such as development, design, marketing, and fund raising to develop services and new technologies using newly emerging blockchain technology. PRESTO platform provides not only convenient token sale process but a marketplace where you can find various resources to help your project succeed after the sale. Projects in the cryptocurrency market are divided into two parts: creating new block chains or creating new services using existing block chains. Security is crucial because blockchain technology has the concept called cryptocurrency that can replace fiat currency, which is not available in other IT technologies. If

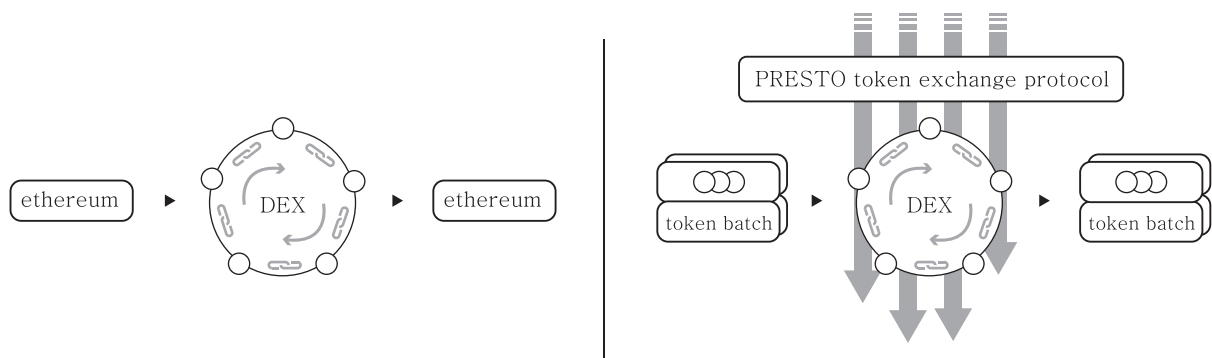


there is a vulnerability in the smart contract created by the development team, the funds they raised may be hacked. As a result, major blockchain projects look for their security vulnerabilities with bug bounty programs. On PRESTO platform, development teams can launch such a bounty program with the PRESTO tokens raised by token sales. When the development team reveals the smart contract code and the new block chain implementation code, blockchain developers can review the open codes for defects, and if they find any problems, the development team can pay them with PRESTO tokens accordingly. Through open bounty programs, development teams will be able to create safer technologies. As the development team solidifies their project's technology, investors will trust the project more. Furthermore, if you have the necessary resources in development, marketing, and design in addition to the bounty program, you can specify the necessary resources and pay for them with PRESTO tokens as rewards. For example, if you need an illustration image to fit on the development team's web page, you can post the requirements and the corresponding rewards in the PRESTO marketplace. Once the work is complete, you can pay safely and transparently through the blockchain. PRESTO marketplace helps the development team successfully proceed with the project after the token sale.

3.3 DEX (Decentralized Exchange)

DEX is a decentralized exchange operating on a blockchain platform. It is very difficult for new tokens to be listed and traded on a large exchange in a short period of time; PRESTO can have the tokens that have successfully finished their sales to be listed on PRESTO's DEX, quickly granting them the opportunity to enter the market.

In general, centralized exchanges, which are commonly used by many people, records transaction details in centralized databases using existing server-client models instead of blockchains, and uses blockchains only when dealing with users or exchanges outside the exchange. It has the advantage of being able to deal with coin transactions without difficulty by providing people with familiar UI/UX and fast transaction speed, but it



[Fig.2] DEX(Decentralized Exchange) 설계도

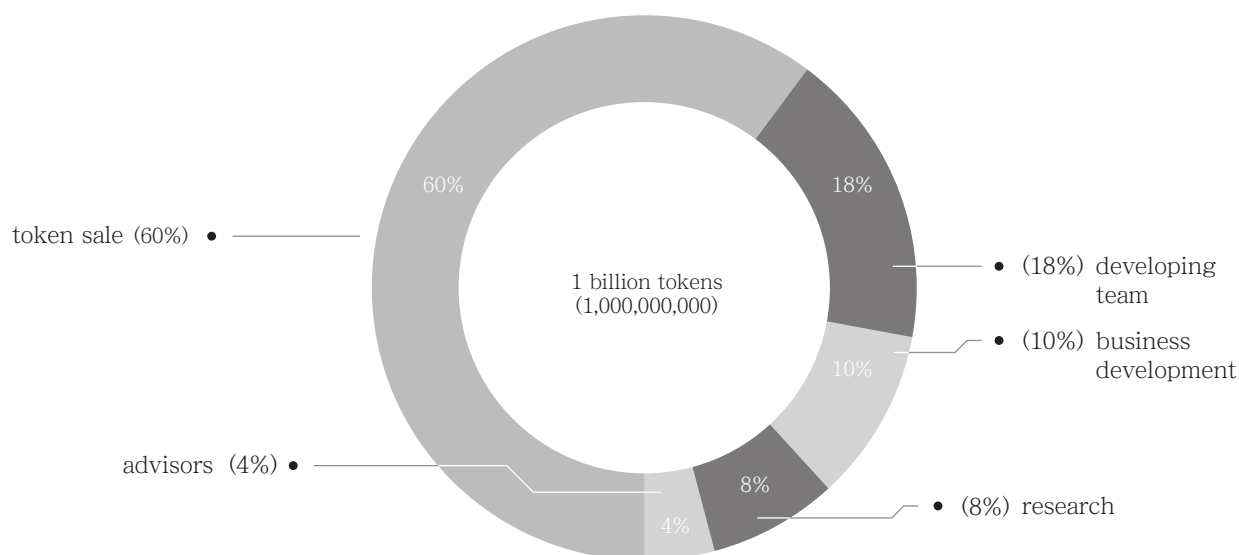


cannot utilize the advantages of the blockchain and is vulnerable to hacking. Unlike the centralized exchange, DEX takes all actions on blockchain. It is slow and inconvenient to use, but all transaction details are recorded in blocks so that it is transparent and secure. PRESTO provides a new DEX that overcomes the disadvantages of existing DEXs by applying a new token exchange smart contract that extends the ERC20 standard [Fig. 2]. This smart contract includes the design of the PRESTO token and the Token Auto Generator. Investors can easily trade tokens using DEX through an intuitive interface linked with these trading protocols.

4. PRESTO Token Distribution

You use all services of PRESTO with PRESTO tokens (PET). PRESTO tokens are created as a ERC20 token and all volumes are initially issued for smooth distribution and clear service. 60% of these early issued tokens will be released to the market. 18% and 4% are distributed to the development team and the advisors respectively, and 10% and 8% are reserved for business and research purposes [Fig.3].

With PRESTO platform, tokens will not be concentrated on or bound to a specific sale. They will have a natural distribution flow as some of them are gathered during the token sale and released back to the market. The value of PRESTO tokens will increase as there are more token sales, suppressing rapid inflation and deflation; it can be circulated in economically healthy ecosystem.



[Fig.3] PRESTO token distribution



5. Project Roadmap

PRESTO development team will start the PRESTO platform development starting from the light paper in February 2017. In March 2018, we will describe the PRESTO platform blueprint by disclosing the more detailed white paper based on the contents presented in the light paper. Until the end of 2019, we will implement PRESTO token sale platform, token marketplace, and DEX in order. PRESTO team believes that faultless and secure technology is important in blockchain services. So, we will develop the core technologies of PRESTO platform first, open them, verify them sufficiently, and then launch a real service with the technologies. The first thing to be released is the token sale platform, which is the core platform of PRESTO project. The essence of the token sale platform is the smart contract which is a modified DAICO model, and the smart contract auto-generator. We plan to publicize and fully test core technologies in Q3 2018 to develop secure and verified smart contracts. In the Q1 2019, the first official version of the token sale platform will be released. Likewise, the smart contracts of token marketplace and DEX will be publicly available for verification first and then they will be applied to the actual service. Future platform development plans will be announced through web pages.





6. Others

PRESTO light paper is a description of the development plan and vision, and is not a guarantee of business contents. It should be noted that actual progress may vary depending on business environment and development status. PRESTO tokens cannot be used for purposes other than those described in the light paper. PRESTO Coin is not a stock and the owner of the PRESTO tokens is not granted any kind of dividend or voting rights. Nothing in the light paper should be construed as a guarantee of PRESTO team; the team is not liable for it. Any action you take upon the information from the light paper is strictly at your own risk.



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- * All web materials are based on the contents of 26, Feb, 2018.



Team Members

Kyung Won Kang
CEO and Co-Founder
Formerly Pople CTO
Formerly Neople Client Developer & Part Manager
Released Indie Game "Cross Set" "Cross Set Infinity" on Steam™
Seoul National University (Dept of Mathematical Sciences)

Kyle Bae
Global Strategy Manager
Formerly Doil Trading Corp., Director of Overseas Manager
Formerly Investment Visa Consultant
Formerly Huatai Property Company
Seoul National University (M.S in International Sports Management)
University of Minnesota Twin Cities

Wonse Kim
Developer
Python, C++ Developer
Mathematics Technology Laboratory Researcher in Seoul National University
Specialized in Data Analysis Using R, MATLAB and Published 3 SSCI Papers
Seoul National University (Ph.D in Mathematical Sciences)

Chang Woo Choi
Business Strategy Manager
Qualified as Patent Attorney in South Korea
Seoul National University (Dept. of Mechanical Engineering)

Advisors

Taejin
Marketing Specialist
Overseas ICO marketing Expert
VIP Advertiser of Facebook