

Community Draft

Collab Protocol

First Influencer Ad Exchange on Blockchain Powered by AI

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From the creators of Fango.me influencer marketing platform

v0.5.4

Abstract

- Influencer marketing is broken. Middlemen take all the cuts and profit. Relationships guide the deals instead of data driven applications. Silos separate sponsored deals, influencers have to check different sources. Influencer audience data is often opaque.
- We are experts in the field, thanks to our Fango.me influencer marketing platform, that has over 35,000 members influencers with more than 900,000,000 reach on social media and over 2,000 branded campaigns¹ since 2015.
- Influencer marketing is on the rise². It's expected to become a \$10B industry in 2020³.
- We propose a method where brands and influencers can collaborate without middlemen, but still be safe with smart contract escrows and expert judge pools. Zero commissions enable influencer marketing industry to collaborate seamlessly, creating the first data driven influencer marketing ad exchange.
- Apps can use the blockchain to get and share sponsorship campaigns, audience data and engagement. Data sources can earn tokens by providing data such as audience and engagement data when they are used. Provided data can be kept private, but still can be processed privately for data driven decisions. AI (Artificial Intelligence) and ML (Machine Learning) increases the success and efficiency of every step that happens before, during and after a branded campaign.
- Influencers can create @username tokens that increase engagement and provide exclusive value. Audiences can earn @username tokens by engaging with their posts, such as liking, commenting or sharing. Audiences can purchase/spend @username tokens regularly to stay in membership club of a particular influencer for exclusive content and deals. Brands can create their own loyalty tokens to award audiences and keep track of their marketing efforts and offer deals.

¹ "Fango.me." <https://fango.me/>. Accessed 26 Jan. 2018.

² "The Remarkable Rise of Influencer Marketing [INFOGRAPHIC]." <https://influencermarketinghub.com/the-rise-of-influencer-marketing/>. Accessed 28 Dec. 2017.

³ "The 2018 Influencer Marketing Industry Ad Spend [CHART] - Mediakix." 6 Mar. 2018, <http://mediakix.com/2018/03/influencer-marketing-industry-ad-spend-chart/>. Accessed 23 May. 2018.

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Value Proposition

Collab Protocol brings together influencers, brands, audiences and the influencer marketing industry on the blockchain with the power of artificial intelligence.

- Influencer marketing campaigns can be exchanged on the blockchain between different influencer marketing companies and platforms.
- Brands and influencers can collaborate without middlemen, but still be safe in case a disagreement occurs.
- Influencers can reach to more deals and increase engagement with their audiences through @username tokens
- Brands can reach to better targeted influencers and their audiences, measure the effectiveness of their marketing spend with loyalty tokens
- Audiences are rewarded for positive interaction with influencers and brands to earn exclusive deals through influencer and brand tokens
- Blockchain enables everyone to create collaborations without a central server. It also makes it possible to do data driven operations while keeping the data private.
- AI (Artificial Intelligence) and ML (Machine Learning) increases the success and efficiency of every step that happens before, during and after a branded campaign.

Introduction

We are experts in the influencer marketing field. When we started building our critically acclaimed⁴ mobile photo app WeSnap⁵ back in 2014, it was obvious that we needed to focus our marketing efforts with social media creators. However, there were no influencer marketing platforms that we can use, thus we started developing our own influencer marketing technology. WeSnap has been acquired by Akkad⁶, an international company based in France with divisions in USA and Bulgaria. Friends from Silicon Valley asked if they can use our influencer marketing technology to market the products of the companies they work at. We decided to make our influencer marketing technology available on Fango.me platform that brands and influencers can use. It has been growing since we launched it back in 2015. We have over 35,000 member influencers with more than 900,000,000 reach on social media, helping them monetize their influence. We had over 2,000 branded campaigns on our platform, helping top brands all over the world grow their businesses.

Influencer marketing is on the rise. However it is still challenging for brands to collaborate with influencers. Collab Protocol is aiming to solve that. This paper will review the current state of

⁴ "WeSnap - Product Hunt." 3 Apr. 2015, <https://www.producthunt.com/posts/wesnap-2>. Accessed 26 Jan. 2018.

⁵ "WeSnap - Snap together." <http://wesnap.co/>. Accessed 26 Jan. 2018.

⁶ "WeSnap — WeSnap has been Acquired." 10 Jan. 2017, <http://blog.wesnap.co/post/155665260558/wesnap-has-been-acquired>. Accessed 26 Jan. 2018.

the influencer marketing space and propose how a decentralized influencer marketing protocol can be beneficial for all the parties involved.

Centralized Market

- Even though the influencers are publicly available on the web and social media, it is not a simple and straightforward task to find influencers that can reach to the target audience of the brand.
- Current solutions to find influencers include influencer marketing platforms like Fango.me, lists and directories of influencers.

The Influencer Marketplace

- Top influencers constantly get incoming inquiries all the time, however they have increased their prices to make sure their audience is not getting bombarded with ads. Some of them are creating music videos, starring in movies; increasing their stardom to celebrity status.

Collab Protocol

- All the branded deals available around multiple sources are synced to a decentralized sponsorship campaigns deal book.
- Current software and platform providers can integrate with Collab Protocol to increase their sponsored deals or influencers they can reach.
- Brands can work with influencers without middlemen by announcing their campaigns on the Collab Protocol.
- Influencer @username tokens are earned by the audience of the influencers by engaging with the posts of the influencers.

Collab Token Technology

Collab Token is a token based on Ethereum ERC-20 standard.

Tokens Used as Influencer Marketing Payment

- Brands purchase Collab Tokens through exchanges.
- Brands announce their campaign on the Collab Protocol.
- Influencers apply to campaigns by sending brands proposals.
- Brands choose the influencers they would like to work with and stake Collab Tokens to the smart contract escrow.
- Influencer creates and publishes the sponsored content.
- Brand releases the Collab Tokens on the smart contract escrow to the influencer.

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- Influencer's wallet is credited the Collab Tokens.

If the influencer or the brand chooses to protect themselves from a potential volatility of the token price, they can have the option to temporarily convert the tokens inside the escrow to a stable coin. We'll introduce a stable coin that can be used by other projects as well.

Data Sources

Influencers provide their audience data by connecting their social media accounts, so that the brands can choose the influencers they'd like to work with easier. Influencers can self claim data on their audience when the social network doesn't provide insights for that particular data point. An example is the Instagram Story view counts. Third party data providers can also add their data to the blockchain and earn Collab Tokens when they are used. The provided data can be checked against current data on the blockchain to determine accuracy.

Data Privacy

Data providers can choose to keep their data private and non-purchasable. In this case, they would be providing the data for anonymous and private usage. External data privacy solutions such as Enigma Protocol⁷ can be used to store and process private data for generating meaningful results. An example usage of private data is to calculate Audience Match Score (AMS) between the brand's target and influencers' audience, which can be a combination of location, gender, age, interest, etc. When the brand is choosing between influencers, they may not need all the audience data of all influencers, but it may be useful to determine which ones have a better relative match for their target audience. Using the AMS is beneficial for the brand at the decision making process, while keeping the influencer's data private.

Data Purchases

Data providers can choose to make their data purchasable. Social media analytics and research tools can pay with influence tokens to gather audience data. Those tokens would be distributed to the data sources who provided them.

Data Driven Usage

One of the goals of our protocol is to enable data driven decision making for influencer marketing. Brands have target demographics that usually include location, gender, age, interest, brand affinity & more. When a brand wants to work with influencers, they want to make sure their target demographics match the influencer's audience. We propose a method to determine which influencer would possibly bring the best results per spending.

⁷ "Enigma: Decentralized Computation Platform with Guaranteed Privacy." https://www.enigma.co/enigma_full.pdf. Accessed 16 Feb. 2018.

The method aims to maximize return on investment (ROI) by using the metrics below:

- Average Engagement (AE): Response that the influencer's posts get on average. Can be a combination of likes, comments, shares, views for different post types.
- Audience Match Score (AMS): Percentage of the audience that matches brand's target. Can be a combination of location, gender, age, interest, brand affinity & more.
- Price (P): The price that influencer determines to collaborate with the brand.
- Unit Cost (UC): The internal cost of working with an influencer for a brand. Can be a combination of costs such as product cost, logistics cost, time cost, etc. This is useful to determine the allocation of total budget of the campaign to either fewer influencers with larger audience or many influencers with smaller audience.
- Total Cost (TC): The sum of Price (P) and Unit Cost (UC).
- Return on Investment Score (ROIS): The combination of AE, AMS, TC to determine the potential influencers.

$$ROIS = AE \times AMS \div TC$$

By focusing on influencers with the highest Return on Investment Score (ROIS), brands can choose the best influencer among potential influencers to collaborate. By using data gathered from the selection process and campaign results in machine learning, AI can suggest which influencers to work with in the future.

Matchmaking

As the number of branded campaigns and influencers available on the Collab Protocol increase, it might be harder for any party to determine whom to collaborate. The simplest solution would be the ability to filter influencers for brands; filter campaigns for influencers. Brands can specify their target audience and influencers can give information about their audience to help filtering and matchmaking. Another option might be to offer bonus tokens to entities that help matchmaking. Those entities might be apps, agencies, agents or audiences of the influencers. AI can be used to make the matchmaking more efficient. The data gathered from the matchmaking process can be used in machine learning to make the AI better over time.

Reaching Out

Brands will be able to reach out or ping influencers to join their campaigns. We'll adjust the number of influencers a brand can reach out, so that they don't abuse the system for spam. AI can be used to make suggestions for which influencers to reach out to. The data gathered from the reaching process can be used in machine learning to make the AI better over time.

AI (Artificial Intelligence) & ML (Machine Learning)

Collab Protocol can integrate AI (Artificial Intelligence) and ML (Machine Learning) technology to increase the success and efficiency of every step that happens before, during and after a branded campaign.

The public data of the audience and engagement with the influencer can be used with machine learning to train the artificial intelligence to create audience profiles of the influencer. The content of the influencer can be used in ML for training the AI about the content profile of the influencer by looking at the content of the post they share. Name, profile photo and the content shared can be used to create a profile. The content can be in the form of photo, video, caption or text. By combining the audience and content profiles, AI can create the analysis of age, gender, location, language, brand affinity, interests of the audience and the influencer.

When brands create a campaign, AI can analyze the content of the campaign, suggest edits, requirements, keywords for better visibility and get suggestions for price & their target audience. After the brand publishes the campaign, AI can analyze all the data of the campaign to suggest influencers that might be a good fit for the campaign. The brand can be interested in the influencer or dismiss them to skip to the next one. By feeding this brand interest data back into the machine learning training model, AI can make better suggestions over time.

Influencers can opt in to receive new campaign notifications based on the analysis of their content, audience and the campaign, powered by AI, similar to how brands get suggested influencers. They can dismiss the notification for the campaign or show interest to the campaign by opening or applying to it. By feeding this influencer campaign interest data back into the machine learning training model, AI can be improved over time to make even better suggestions.

After the influencer sends the content draft for review, AI can analyze the content to make sure it fits the campaign requirements. Brands can choose to have multiple drafts and have the AI and the community to suggest the best option by offering extra tokens for the process. The community can vote on the content and get the tokens only when their selected option is selected by the brand. Thus they will be motivated to review and select the best option for the brand. The community votes and the brand selection data can be used to feed the machine learning for training, so over time, AI can make better suggestions.

AI can be trained about the past collaboration content, results and audience sentiment to learn about how the influencer's audience is responding to the branded content. Every new branded content that has been created with the help of Collab Protocol will have more data attached to it to feed the machine learning for training the AI model even better.

AI can analyze the performance of the branded content with respect to initial posting time to understand how it performs over time. By using this data in machine learning, AI can suggest at an early time to promote the branded content even further. All of the predictions and results can be included in the campaign report.

Collaborations

Collab Protocol will help influencers to collaborate with other influencers to help them both increase their reach. They can collaborate by locking Collab Tokens and receiving them back when the collaboration is successful. By analysing the data of the influencer and the audience, AI can make suggestions about which influencers to collaborate with. As the influencers make collaborations and generate data about it,

Community Review

If the brand chooses the option to have the community review the draft content created by the influencer, they can spend extra tokens that will be shared by the community. The community can upvote or downvote to determine the success of the draft. The brand can have the option to have multiple drafts submitted by the influencer. In this case, the community will choose the best option they think that fits the brand the best. The community votes will convert into tokens if the brand decides to accept the suggestion of the community, so they will be motivated to suggest the right action for the brand.

Account Verification

Influencers can connect their social media accounts through a centralized app. Another option is to ask the influencer to add a unique hashtag to the description of a post. Then the system can verify if the hashtag is present at the post automatically.

Middlemen

Currently, middlemen have a huge impact in the industry as the gatekeepers & profit takers. They charge whatever they want before bringing the deal to the influencers, sometimes up to 70%. It is also important to note that they might not decide to bring any particular sponsorship to the influencer, favoring one deal over another or completely discarding it.

One of the main goals of the Collab Protocol is to have a future without middlemen. However, we believe this can not be achieved instantly by forcing everyone to cut out their middlemen since there are agreements created by agencies to represent brands or influencers. In addition, some influencers may want to focus on the creative part of their work while outsourcing their business side to their agents. At the same time, businesses may choose agencies to represent & manage their influencer marketing campaigns for them.

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We believe the Collab Protocol should support the ability to have agents or agencies represent influencers and brands. It is easy to determine if an agency is working for a brand, since they would not be willing to spend for a brand on their own. However it is not easy for a decentralized system to determine if an agent is representing an influencer without checking. Agents usually don't have direct access to their talents' social media accounts, thus they may not be able to connect them through login mechanisms social media websites provide. A solution is to use the second method of adding a unique hashtag mentioned under the Account Verification.

Oracles

Oracles can check social media posts to determine if the influencer posted for the campaign or their audience is engaged to earn @username or brand loyalty tokens. Default oracles can be provided and maintained by Fango. Any entity can choose to work with other oracle providers.

Ecosystem

In addition to Fango.me, there are other successful companies in the influencer marketing industry. We don't see them as competitors. Our goal with Collab Protocol is to create the first influencer marketing ad exchange on blockchain powered by AI. This will enable a better ecosystem, drive better results and accelerate growth. Thus, everybody will win as a result.

Open Integrations with Centralized Platforms

Centralized influencer marketing platforms, such as Fango, can integrate their branded campaigns & influencers to Collab Protocol. They can also integrate the brand campaigns & influencers on the Collab Protocol back to their centralized platforms. This ability will help the whole influencer marketing industry to work together.

Usually centralized platforms charge a commission based on the total amount of spent for the branded campaigns. The commissions range from 10% to 30% depending on the budget and amount of work required. They also charge influencers a commission when they're paying them back. These charges can be 10%-20% or a fixed fee based on the payment method. They can sync their campaigns to Collab Protocol after decreasing the total budget with the amount they're charging. When influencers on the Collab Protocol apply to the campaign, they can show those applications on their own network after adding their commission rate.

To give an example, let's assume Brand A posted a budget on Fango for up to \$1,000 for their campaign spending. Let's assume Fango charges brands 10% on the campaigns, Fango can charge the brand \$1,100. Let's assume Fango charges 10% when making payments to influencers. When an influencer applies to the campaign with \$500 on Fango, they will charge the platform fee as \$50 and pay \$450 to the influencer.

Since influencers on the Collab Protocol expect to be paid in full, without any commissions on the amount they bid, Fango must sync the campaign to Collab Protocol with room for their commissions included. Fango syncs the campaign to Collab Protocol with a budget up to \$909 ($\$1,000/110\%=\909). When an influencer on the Collab Protocol applies to the campaign with a bid of \$909, Fango will show influencer's application as $\$909+\$91=\$1,000$ on their platform. When the brand accepts the Collab Protocol influencer's offer through Fango, Fango charges the brand \$1,100 and must put the \$909 to the decentralized escrow on behalf of the brand.

Publish Date & Duration

When the brand creates a campaign, they state a last publish date where the post by the influencer must go live. They also state the duration, a length of time where the post must stay online for. The funds on the escrow are automatically released after the date is later than publish date + duration, which is the Campaign Completion Date. During that time, the brand can put a hold on the payment that is discussed under Escrow & Judge Pool.

Escrow & Judge Pool

There might be cases where the brand and the influencer do not agree on the outcome of the campaign. This usually happens because there's a communication issue between the brand and the influencer. The first option is to try to resolve the issue between the brand and the influencer through communication. If the communication option fails, brands can choose the option to stop the payment before it automatically occurs at a determined time. In this case, trusted third parties can determine the outcome in favor of the brand or the influencer.

- Brands and influencers agree on a trusted judge pool before commencing work. Fango will provide a judge pool of influencer marketing experts by default. However, the brand and the influencer is free to choose any other judge pool they mutually agree on.
- If the brand doesn't release the escrow funds for a given time discussed under Publish Date & Duration, it is automatically released.
- If the brand wants to hold the payment, they have to pay 5% extra of the escrow amount to hold it. In this case, the influencer also has to pay 5% to judging pool in a week, otherwise the brand gets the full amount back after 7 days.
- 5 judges from the judge pool vote by staking 1% each to determine if the brand or influencer is correct. Majority of the vote (3 out of 5) is enough to determine the outcome. The voting is not complete until all 5 judges cast their vote. Their votes are not visible to each other until voting is completed. Judges lose their 1% stake if the majority votes against them, so they are financially motivated to make the right choice. Majority of the judges share the lost stakes equally. Every judge has a history of voting that determines their judging score where it shows they agreed with the outcome or not in total. The judges that frequently vote against the outcome may lose their judge status.
- If the judge determines the brand is correct, brand gets 105% escrow back instantly. Judges share the 5% paid by the influencer.

- If the judge determines the influencer is correct, influencer gets 105% of the escrow after the Campaign Completion Date. Judges share the 5% paid by the brand.

Communication

The communication between the brand and the influencer is very important for a healthy influencer marketing campaign. Centralized platforms usually offer private messaging tools to facilitate this communication. A similar approach must be taken on the Collab Protocol. A private messaging system will be implemented with the ability to open the conversation to judges when required. If the brand and the influencer keeps the communication on the private messaging system, judges can easily determine the problem where the miscommunication happened.

Campaign Types

There are multiple campaign types available when a brand wants to work with an influencer. Collab Protocol should be able to support all of them to help brands and influencers work with together the way that suits them the best. Collab Protocol will also have the ability to facilitate any other future campaign type that is not listed or known yet.

- CPP (Cost per post): Brands pay when influencer posts a branded content.
- CPV (Cost per view): Brands pay per each view of a branded video the influencer posted.
- CPA (Cost per action): Brands pay when a measurable action happens through the influencer. It is usually an app install or registering for their service.
- CPCon (Cost per content): Brand pays for the content the influencer creates. The influencer doesn't have to post the content on their social media.
- CPS (Cost per sale): Brands pay a commission or fixed fee when a sale occurs.
- CPE (Cost per engagement): Brands pay per each engagement on their branded content posted by the influencer. Engagement can be likes, comments, etc.
- Bounty: Total budget and desired points per action and engagement are set by the brand. At the end of the campaign, total budget is shared amongst the participants with respect to their points.

Social Media Networks

Brands can target a specific social media network for their influencer marketing campaign. Current social media networks have the network effects settled in, so one can argue that they will be active for a long while. However, we believe new contenders can always arise. Thus the Collab Protocol should be social media network agnostic. Well known social media networks can have agreed upon keywords to determine the one that they're planning to collaborate on. Collab Protocol is designed in a way where current networks are included, but there's always room for new ones.

Tokens for Influencers

- Influencers create @username tokens by spending Collab Tokens.
- Tokens are credited to their audience when they engage with the posts of the influencer.
- Engagement can be liking, commenting, sharing or any other action that would positively benefit the posts.
- Influencers can choose to spend a particular amount of @username tokens per post.
- Audiences can purchase @username tokens regularly, discussed under Subscriptions.
- The tokens are then exchanged back with the influencer for exclusive content.
- Brands can sponsor extra @username token earnings for engaging with sponsored content.

Tokens for Brands

- Brands create loyalty tokens by spending Collab Tokens
- Audiences earn loyalty tokens by engaging with the brand
- Brands can gift loyalty tokens when audiences engage with an influencer post they collaborated on.

Subscriptions

Audiences can subscribe to purchase @username tokens for a given period, such as monthly, to get access to exclusive content. We can utilize centralized payment methods such as credit cards or connection with bank accounts to facilitate automated payments. In the back end, users would be purchasing Collab Tokens and automatically converting them to @username tokens, then transferring to the influencer. This will help with the steady flow of fiat currencies to our token economics.

Token Economics

- The number of Collab Tokens decrease over time since they are used to create @username and loyalty tokens.

Roadmap

1. Implement Collab Tokens on Fango for a limited amount.
2. ICO
3. Create the Collab Protocol.
4. Implement Collab Tokens on Collab Protocol
5. Implement @username tokens

Token Launch

Collab Protocol will issue Collab Tokens, which is an ERC-20 Ethereum Token.

Summary

- Goal of this token launch is to help start the Collab Protocol.
- Total of 100,000,000 Collab Tokens will be issued.

Distribution

- 50% Token sale. Includes pre-sale & main sale.
- 30% Team, advisors & early backers.
- 20% Community & growth pool. Used for adoption, the bounty program & airdrop.

Growth Pool

- We'll use the growth pool to incentivize early adopters of the platform.
- At marketplace theory, supply side of the equation must be solved first.
- Brands will get growth pool tokens that they can create campaigns on the platform.
- Critical influencers will also be given growth pool tokens to help them use our platform.

Budget Allocation

- 60% Team: Development of Collab Protocol
- 10% Administration: Legal, accounting, security and other associated administration costs.
- 10% Marketing & Sales: Adoption of Collab Protocol
- 10% Contractors: Third-party providers offering engineering, marketing, PR, partnerships, affiliate programs and more.
- 10% Contingency: Unforeseen costs.

Cautionary note on forward-looking statements

This document contains forward-looking statements, which are generally statements that are not historical facts. Forward-looking statements can be identified by the words “expects,” “anticipates,” “believes,” “intends,” “estimates,” “plans,” “will,” “outlook,” and similar expressions. Forward-looking statements are based on management’s current plans, estimates, assumptions, and projections, and speak only as of the date they are made. We undertake no obligation to update any forward-looking statement in light of new information or future events, except as otherwise required by law. Forward-looking statements involve inherent risks and uncertainties. Most of these risks and uncertainties are difficult to predict and are generally beyond our control. Actual results differ materially from those implied by the forward-looking statements as a result of the impact of a number of factors.

