



# dealogikal WHITEPAPER

*The world's first reverse auction commodity marketplace*



# President's Introduction

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“ As I reflect back on the day that the epiphany – Dealogikal – came to me, I knew that I had to create something that would improve the lives of society as a whole. ”

There were three main thrusts I wanted to focus on: creating an efficient market for physical commodities by fostering competition, creating transparency in a traditionally murky marketplace and leveraging the world wide web to lower barriers to entry in a market structure where only a few participants could participate; In other words, I wanted to democratize physical commodity trading and empower more people to be able to have access to it.

The main corollary was blindingly obvious: by creating a digital platform from which Physical Commodities could be traded, I could technically move the trade of such goods from the physical realm to the digital realm. In so doing, I hypothesized that existing traders would no longer be confined by geographical constraints, new traders would enter the market, and both consumers and suppliers would ultimately benefit by streamlining the process, thereby creating monetary savings for consumers and creating more deal-flow for suppliers. In addition, the platform would also serve as a global digital economy in cyberspace that could harness the marvels of modern technology like FinTech, AI, Blockchain, Automation, Robotics and Machine Learning – to name but a few.

As I tested the hypothesis in the real world, I and the team discovered that we really were making a positive impact on peoples lives by creating value, as outlined above – and it was truly a very special feeling that inspired many to rally behind the idea of creating a Global Economy on a digital platform! We were saving consumers money, which they loved, and suppliers were getting more volume sales through demand that is now being channeled through the internet; a very fulfilling and inspiring feeling that now motivates myself and the team to see this idea to the very end (if one exists). There are many other social and economic ramifications and implications that we hadn't expected either. We came to find that it has positive impacts in reducing, if not eliminating, corruption in the purchasing and procurement space because Dealogikal replaces nepotism with meritocracy. As I write this, I am overwhelmed by the response of the lives it touches in a very positive fashion and look forward to the future that it could create if it were given the chance to work it's magic. Having said that, we hope to enrich the lives of the communities that we end up working with and build a better future for generations to come through intelligent use of technology and accelerating the Global Economy in ways that one could never ever have imagined. Thank you!

Ira S. Kiener  
President & CEO



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Last 2017, The Philippines increased its dependency on Oil more than any other ASEAN country at a staggering 60.77% from 2006 to 2018 citing The Philippine statistics portal. Oil, still being the leading commodity at our time is a defining metric that showcases a country's growth. In just over 10 years, the country has more than doubled its need for the commodity and have not seen any decline on demand with an average increase of 10.5% annually. For the purpose of a better understanding, that's from 283 to 455 thousand barrels per day on where Buyers, traders and suppliers use the most traditional method of transaction which takes manual contact with each potential deal. While this has not stopped the participants of the Trade ecosystem from achieving their goals and continue their businesses blissfully, there's a significant amount of potential left off due to picking up the phone, collecting a series of offers from different sellers, blindly placing price to an ever moving value of a commodity that opens up any business to potential risks and loss. Until now.

At present, in order for a trade to happen, buyers will need to contact different sellers through Phone, Email or in person. Even on this premise, while technology is already present in the form of the phone and email, this still does not take advantage of the technology already available at our time. This will then result in a variation of potential deals as sellers and even the buyers are looking at different sources of information. This can be the news, hundreds to thousands of websites on the internet. Deals that could have empowered both Buyer and Seller to have better value on both ends.

Dealogikal aims to remedy this by using technology and creating a marketplace solution that will optimize all potential transactions through faster order placing, transparent auctioning process and seamless fulfillment of each closed deal.

With Dealogikal, a buyer, whether an end consumer or a downstream reseller of varied types and kinds of oil will be able to place an order through the Dealogikal tool. With a clear understanding and knowledge of the market price, each buyer will make the best decision when placing an order and with Dealogkal's Market Maker, verified orders will always be within the market's bandwidth in terms of cost requested. This order, once approved, will then automatically be distributed to all registered suppliers of the commodity requested. From manual soliciting of information to competing sellers that are limited by the information each has, to a leveled trading field where each participant is guided by clear, responsive and transparent market charts. This is Dealogikal's key driver.

Upon conception of Dealogikal, there have been too many instances where we were asked as to why we wanted to create a platform for trading. The easy answer is, we can. The longer answer is; We were given a unique opportunity to create an environment where buyers and sellers can seamlessly work together and boost the industry through technology. As we created Dealogikal, we have to think about the small to medium businesses. While bigger companies have easier access to technology SMBs are almost too often late in terms of being able to have access to new technology. It is pivotal for Dealogikal to enable all businesses of all sizes to have access to a technology that will define an industry and spearhead the evolution of trade within the Philippines and also inspire all businesses to have a higher goal where their transactions does not end within the shores of the Philippines what to take their business globally.

Dealogikal aims to be the only and the quickest way from A to deals.



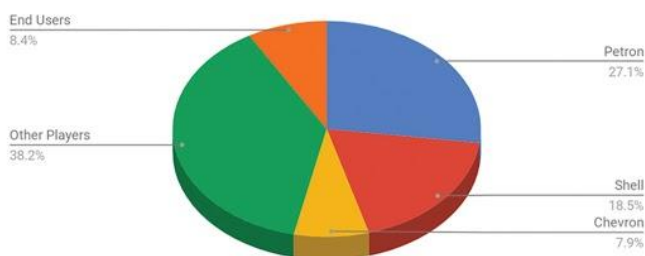
# Background

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First half 2018 petroleum product imports totaled 45,403 MB, a decrease of 6.1 percent from first half 2017's 48,348 MB.

The top imported product for the period was diesel oil which dropped by 8.3 percent from last year's level. Gasoline imports also decreased by 3.7 percent. Meanwhile, fuel oil and kerosene/avturbo also fell by 17.8 and 7.7 percent, respectively. However, LPG import was up by 2.2 percent vis-à-vis last year's level.

## TOP MARKET SHARE BY SOURCE OF PETROLEUM - 2018 (DOE)



The other industry players accounted for the majority of the product imports with 38.2 percent of the total imports volume, down by 1.4 percent to 34,735 MB from first half 2017's 35,243 MB. The oil majors (Petron, Chevron and Pilipinas Shell) accounted for the remaining 23.5 percent which declined by 18.6 percent from last year's 13,104 MB to 10,668 MB.

The local refiners (Petron and Pilipinas Shell) accounted for 11.4 percent of the total product imports, which included blending stocks, as against 88.6 percent share by direct importers.

Dealogikal was created because the Philippines as a market is heavily dependent on oligarchs and larger companies. This is evident on market behavior from the ground up. From procurement to delivery, free business to function it is inevitable to interact with one of the top key players in the market. This is also probably true to the majority of the markets within southeast asia region, and it is easy to place the blame to these larger corporations solely because of the fact that they are also businesses that are dependent on profit and the marketplace itself had responded positively on the efforts placed by these businesses.

However it is important for us to look at the overall market behavior as well as supply chain processes that are employed in these markets. After careful research and investigation of the markets buying patterns as well as procurement processes, we've encountered an interesting behavior coming from the buyers themselves. Majority of the buyers, not have a clear understanding of the supply chain. Even more scary than the fact that the issues encountered from the supply side is the fact that the buy side is also equally if not more responsible on the issues that are experienced in the supply chain.

Accepting a price provided by multiple suppliers is easy. For a buyer to be able to secure enough offers from suppliers it typically takes 3 to 5 business days just to get the initial offer. During these 3 to 5 business days, multiple things always happen including corruption. Procurement teams almost often expect a kickback from the suppliers and we have experienced this first hand. On a single transaction size, thousands to hundreds of thousands of dollars are being included into a company's expense to satisfy the need of some procurement teams corruption.

Limited access to technology have triggered businesses in the Philippines as well as in southeast asia to rely on counterfeit software. In the Philippines alone 50% of SMEs are found to be using counterfeit software. This is a behavior that remains true to this day. Having exposure to global market and technology, Dealogikal now created a platform that can be used for free. This provides access to automation for SMEs without costing their business anything. A technology that was previously limited to large-scale corporations, is now available for everyone. With an additional benefit of a truly competitive selection process.

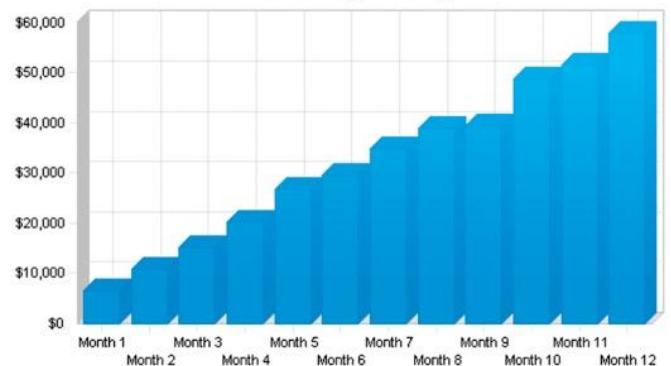
# Key Opportunity

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The competitive selection process is a fairly modern term used to describe a procurement process that involves a reverse auction request from the buyer and generates offers from multiple sellers. Process has been around for decades and it's been employed by corporations as well as governments to ensure transparency and reduce corruption. However using design thinking, we have re-invented the competitive selection process to reflect its true nature. Typically during a competitive selection process, only the buyers will have visibility only offers made by multiple suppliers. This particular process sub showcase that the competitive selection process works, to ultimately flawed. This provides suppliers one chance to provide their offer. And the competition ultimately only happens on the visibility of the buyers. Competition, is and will only be true, if suppliers are given the opportunity to compete with one another by showcasing each other's offers. Dealogikal's selection fosters evolution in the economic landscape. It is a force that exists even in nature. Competition is a key ingredient in both natural selection and evolution.

The Oil and Petroleum market is the first space that Dealogikal started addressing. Is riddled with large companies and their fixed contract with businesses operating in the Philippines, the majority of the procurement transactions remain in the spot market. This is where we see Dealogikal thriving. The total serviceable market that can be addressed by Dealogikal is at 8.2 billion US dollars. Considering the design implemented in Dealogikal is for the platform to be scalable to other commodities, we also see 1.5 billion US dollars for minerals and 2.3 billion US dollars for agriculture. With the right partner, Dealogikal can change how the Philippines and southeast Asia approach supply chain and procurement

Gross Margin Monthly



Opportunities for financial technology have also openly presented itself in the form of loans and credit memos. the majority of the financial institutions in the Philippines have a fixed loan amount of 3.5% interest rate. While this model works for consumer level transactions, 3.5% is a gargantuan charge for transactions amounting to over 500,000 to 1 million pesos with terms spanning only to 30, 60, 90 days. Dealogikal, is in the process of reimagining procurement terms through Kapital. Another exciting opportunity is the lack of shipping and logistics options that are tailor fit to provide service to philippine businesses. An abundance of business to consumer options are available but business-to-business service providers are scarce. Dealogikal will also take on the responsibility to provide a truly end to end experience for our users through Logistiks.

While the idea behind the Dealogikal started in 2011, it is only 3 years ago where we've started developing the platform just in time when the technology is readily available for the businesses to use. The opportune moment for a platform like Dealogikal is ready for the picking at this very moment as the Philippine government, for the first time provides active support to technology startups and helps foster innovation in the country. Majority of the neighboring markets have also shown great interest in employing competitive selection in their respective countries.

Now is the time to introduce Dealogikal, a truly competitive platform that foster is transparency and efficiency, to the markets of the world.



# Strategy

Re-imagining the marketplace would require significant understanding of how traditional methods were used, it's impact on both the buyer or the seller, steps in the process that are absolutely necessary, available technology that is presently used, and how it is making a difference on the supply chain process. The team from dealogical took this opportunity to deep dive into the realities and pain points that exist on the supply chain even with the existing technology available reason.

We then used automation by taking simple and repetitive tasks and taking them in to the new proposed procurement process. visibility over these steps were captured by observing a volunteer company network that are going to be using Dealogikal. Steps like order capture, offer analysis, document generation, order tracking, are consistent and non dynamic.

After nailing down the logic behind the technology, we went to full design thinking mode, and analyzed how to better improve the overall experience of procurement. This is where the analysis of time spent on a single order had to be understood. With the logic on hand, we created a simulation of a full transaction if existing constraints have been removed. Constraints such as: Layers of communication and approval, paper documentation, etc. have been taken out of the equation and is now purely automated to indicate order and capture offers.

Once a product and the process has been established, we started establishing a group of suppliers that would be able to supply into the marketplace that we created. This brought us to the chicken and egg conundrum. A common challenge experienced across marketplaces, is where to start; on-board buyers to attract sellers, or onboard sellers to attract buyers. Jumping into this, the team was well aware that without suppliers, buyers will not join the platform. It would have been a more difficult problem to solve for business-to-consumer platforms. We knew that onboarding multiple suppliers is our top priority and we became very successful on onboarding all major and minor players in the Philippines thanks to capitalism.

To all these suppliers, Dealogikal is a new customer that would allow them access to other businesses that were previously supplied by their competition. We uphold equal opportunity for all of the suppliers and that is a benefit of Dealogikal.

Now that we have all of the suppliers in the platform, our dream of a truly competitive marketplace is now ready for testers. We have connected to 8 different types of companies that require oil and gas. Spanning from logistics to whites gas stations, hotels, yacht clubs, trading companies, power plants, and manufacturing. Starting with a small amount of users, is also strategic. as with any technology company, creating the platform and the technology and the process is half the battle won. We knew that we had to refine our product in ways that we might not have seen. Creating the small club of users, have generated 2.7 million dollars in the past six months from July to December 2019.

In direct partnership with the Philippine government and it's relevant governing bodies, Dealogikal is in the process of becoming the country's main method of procurement for raw materials in to support the build build program of the current administration. We have also partnered with multiple private entities such as the Philippine stock exchange to help connect with private corporations that will benefit on this new in advanced way of procurement. Strategic partnership with neighboring countries such as Vietnam and Indonesia for rice and coal suppliers respectively. Even our search for an investment partner is strategic in a way where guidance and understanding of the company goal comes first before anything else. Revenue return is inevitable as a platform is a first-of-its-kind and all businesses of different sizes require a smarter way of procurement.



# Solution

Introduction of Dealogikal's competitive selection process provides the true essence of a transparent marketplace. Removing the manual process that is exercised currently in the industry became real the moment that we enabled the capability of being able to place an order through the mobile phone.

This simple step meant the removal of hundreds of emails and phone calls, physical visits, order detail delivery and hundreds of an hour spent just to place an order. On this single automation, we have effectively saved thousands of dollars spent for single business and millions throughout the industry. Enabling the suppliers to be able to offer their best price on any order automatically improved chances of a supplier connecting directly to a buyer by 100%. All suppliers of the commodity requested by the buyer receive an automatic notification on both their Dealogikal account, sms, and email.

Creating a network through the gamification of the procurement process allowed us to create a reality where the marketplace is true, transparent, competitive, and efficient.



The issues experienced in the commodity market place involve a lot of very complex set of challenges and therefore is extremely intimidating, and is a huge project that seemed to be never ending. However we believe that somebody needed to start. At Dealogikal, we were not afraid to start small. After we've mastered the basics of just a simple trade, the process intrigued us, and this drove us to want more. Little by little, from market analysis everyday, to the creation of logic everyday, to the implementation and merging of both process and automation and logic, we were able to address the pain points that have been experienced by businesses for years.

Included into the automation, was to address the time spent on documentation and creation of forms, permits, taxation, and delivery. We have included in the process for the system to automatically create all of these relevant documents required post transaction. Access to foreign exchange and commodity charts that directly affect the price of other commodities is now readily available for any user of Dealogikal. This will help decision makers to have a sound and comfortable decision on when to place their order and how to properly place their offer. Immediate support is also readily available 24/7 allowing our users to connect to us whenever and wherever they are. Most importantly, while Dealogikal, is currently actively used for oil and gas, the design of the platform is to be plug and play. This means the same methodology applied for oil and gas to generate the best market price, can now be applied for minerals, cement, metal, coconut, rice, coffee, any agriculture product, and eventually renewables.

Dealogikal is the improvement of Alibaba.  
Dealogikal is the Future of Procurement.





# Conclusion

Dealogikal is fortunate enough to be the first of its kind. Timing could not have been more perfect on both political landscape globally as well as a supply chain challenges that are experienced by multiple countries throughout the world. With a platform and technology that Dealogikal offers, businesses anywhere in the world, will not have to be dependent on a single country's political decision. Businesses will not only have one option from one supplier at a time. We can create a world where your supplies can come from anywhere in the world. Abundance of options is now within a single tap on your mobile phone.

Countries like the Philippines and throughout southeast asia have accepted the norm of a marketplace that has minimum to zero competition. Because of this, the price of raw materials remain high, which in turn results in the cost of production to also remain high and it falls into an endless cycle of price increase that are hiding from incremental price drops.

In order to really create an impact in the economy, the introduction of Dealogikal in the marketplace landscape will not just lower the price of commodities which will result in a better way of living, but ultimately, take the first step on addressing corruption in the country. A marketplace that makes use of technology and brings the most natural and primal form of a marketplace will provide a clear and positive solution to the crippling behaviour of corruption and oligarchy.

“ Supply chain management in Asia still remains a challenge for all involved stakeholders. Asian manufacturers and traders need to be in better control of their supply chains, while most local providers are still struggling to provide value-added logistics services. Infrastructure and institutional arrangements are improving, but not quickly enough to enable successful supply chain management. Supply chain management must consider the deployment of all resources that affect customer value. ”

ADB, Supply Chain Dynamics in Asia

Marketplaces should be competitive, transparent, smart, easy and efficient. This is a simple principle that we have sustained while creating Dealogikal and thinking about how we can help improve the way business is conducted in a country that is sadly, dependent on corruption. Not just in the Philippines, or the South East Asian region, but globally.

We can create a world where demand can meet supply. Cheaper, better, faster.

Dealogikal.



A black and white portrait of Ira Kiener, a man with a shaved head, wearing a white V-neck shirt and a watch on his left wrist. He is looking directly at the camera with a slight smile. The background is slightly blurred, showing what appears to be a bookshelf with some books visible on the right side.

# IRA KIENER

Chief Executive Officer

As we look back in history, there have many technological changes that have improved the lives of the world at-large – to be sure: the light bulb, the cotton ginny, steam engines, the telephone, personal computers, airplanes, automobiles (to name but a few). Each of these inventions formed part of the basis of a revolution that spawned accelerated growth in the economy and had large impacts on populace at large. For example, the invention of the steam engine spawned the industrial revolution, which started in the 1760's. The effect of this revolution propelled the United Kingdom to prominence on a global scale even when nationalism was still at its' peak. For example, capitalism – the worlds foremost governing economic ideology – to this very day, was developed shortly after these technological advances in 1776 in Adam Smith's book, ***The Wealth of Nations***. While a cause and effect relationship cannot be drawn between both major events, the developments in technology and the rise of a globally-dominating ideology, it is clear that one of the messages that Adam Smith sought to deliver in his masterpiece was one of **efficiency**.

In today's world, technological advances continue to emerge as at increasingly accelerated rate, thereby increasing the efficiency at which procedures and processes can be effectuated. One of these technological advances has been the emergence of the use of personal computers, desktops and laptops, along with mobile computing. As a consequence, platforms and apps have become much more ubiquitous as a result. Various Apps and Platforms that have emerged have become a panacea to so many of the world's problems as the digital revolution or industrial revolution 4.0 begins to take shape and mature, resulting in an unprecedented societal change: expectations of much higher levels of efficiency than has ever been expected than in previous decades.

Dealogikal (DL) addresses these expectations from society in a very profound way. As a matter of fact, as a marketplace for physical commodities, not only has DL increased efficiency exponentially in terms of time and other resources, but also promotes dynamic symmetrical competition – which makes it unique and utterly distinguished from any other rival (if any) marketplace for b2b solutions. It also puts downward pressure on prices in an oligopolistic market structure where collusion has always been known to be its' evil twin sister. Through the promotion of DL's competitive landscape, we are supremely confident in its potential to become the pre-eminent physical commodities trading platform in the world by taking efficiency to a whole new level.





# JAYCEE CALDEO

## Chief Technology & Operations Officer

They say change is the only constant thing in this world. If we go back to the Paleolithic era up to this digital age, change is required for us to move forward. What does it tell us? Change is the core of innovation – from the invention of wheels to modern cars, abacus to calculators, sms to video calls, MySpace to Facebook, and then there's blockchain, cryptos, machine learning, AI and so on. Unfortunately, not everyone is receptive to innovation and too fixated on the old ways of thinking. In order for us to reach greater heights whether in business or career, it must start from ourselves.

Accepting change and dynamically continuous innovation are what we always need to create an efficient society – and these are one of the principles I strongly uphold. Having a Bachelor's degree in Applied Statistics is not enough to reach my dream of having my own technology company. Ever since, I always look for something to make things better and faster as I experienced first hand the inefficiencies on our current infrastructure and the manual labor in every sector which contradicts the Utopia we all dream of.

To achieve my dream of having a tech company that will solve these inefficiencies, I need to learn more and build up my experience. Soon after graduation, I self-studied different programming languages to get an entry level job at a tech company. Luckily, I got hired as a Flash developer. That day, I promised to myself that I will learn as much and as fast as I can. Every year I got promoted and in my 4th year, I became a Shift Manager where I gained experience managing day-to-day operations of a tech company. After a year, I moved to a multinational company as a Technical Project Manager where I shifted my focus on creating innovative products that will help increase efficiency, quality and productivity of the operations. In the span of 5 years, my team was able to develop around 80+ tools which translated to a multi-million dollar savings.

One realization was that – we are doing all these automations and yet some people don't appreciate what you created for them. There are a lot of businesses out there struggling for improvement and they don't have the capacity to have their own development team. This is where Dealogikal comes into picture.

Stunned. That's what I felt the moment I heard about Dealogikal, a Utopia for an end-to-end procurement system. This is something our country needs right now. Also a wake up call that we have been extending our talent outside but why can't we start doing something for our country and move the economy forward.

For me, Dealogikal is a bridge where we can extend the technology previously available only to larger companies to small and medium sized businesses. It's great that there's a lot of technological advancements happening around the world, but sometimes changing the mindset of the people to shift into the digital era is harder especially for industries and countries that have not yet fully embraced what digital transformation can do to their lives.

In Dealogikal, we will uphold our promise to build a platform where we can provide true value to our customers by leveraging the effective use of technology and help their businesses be part of the digital transformation.



# JOSHUA GONZAGA

## Chief Business Development Officer

There's a significant tremor felt when the startup initiative emerged a decade or so ago. It shattered through different industries and created the rise of new and improved ways of doing things. A full suite of new companies arrived and reimagined the way we live our lives and today, the majority of us have shifted our attention from reality; to our online selves through social media. A single day will not be complete without using at least 4 apps that only a few years back were non-existent and now, people's livelihood and sanity depend on their access on these platforms.

Before this, businesses were built through hard, manual labor. It took years of sustained performance before a business can even establish itself to customers. There were no pitch competitions, accelerators, or incubators for these businesses. They are either grown organically by their founders, or became big enough for Venture Capitalists to discover them. However, despite the long years of service, regardless of the company size, or tenure, or span, a lot of these businesses died when the digital era arrived and this failure can be accounted towards one thing:

### Brand Adaptability.

Developing any business starts with a complete understanding of the brand. Ensuring that it will last the test of time and scrutiny of the society is well baked into the responsibility and this is where I come in. My expertise on sales and marketing is a story of persistence. It remains in the present tense because I am far from being done. I started out as a sales rep for internet services to online products, services and events until I discovered a larger way of selling. The magical world of digital marketing and advertising.

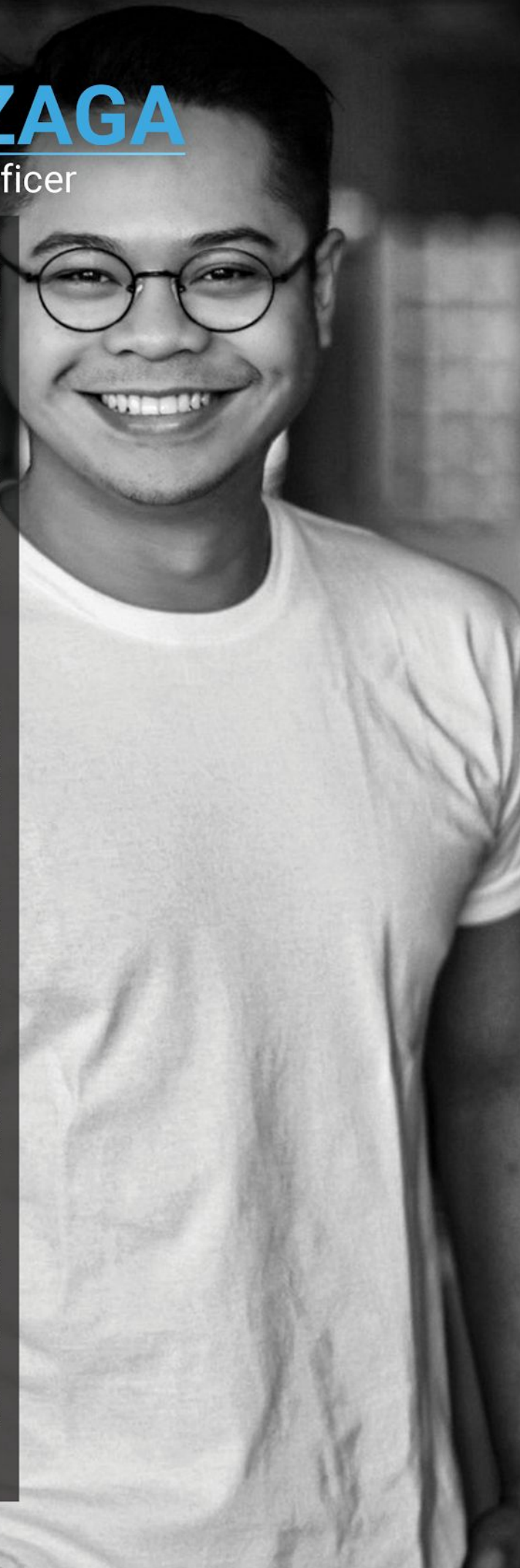
During this span of my experience, I've seen real businesses struggle to make a shift to digital which in turn have left their brand high and dry. While watching businesses crumble from the slide lines, I was able to learn ways on how this could have been prevented and this made me a true believer of innovation. For the last 13 years, I have been a student; as I will always be. Eagerly watching for the next brand that will change the way our world operates. For the past 3 years, with the help of my co-founders, advisers, early stage users and supporters, we have crafted Dealogikal to be the future of supply chain.

What most businesses also fail to understand is that brand is a living cycle. It should not be a constricting rule on how a business can and should be expressed but a living entity that will help the business move and adapt depending on situations that can and will determine the company's future.

The combination of brand understanding and innovation allowed me to have a clear view of how Dealogikal will play a pivotal role in changing the way businesses operate. Coming from the Philippines, a country that is branded as one of the most corrupt in the world, Dealogikal as a brand will be the great plot twist. It will play a huge role in changing the impression of the country. From being one of the most corrupt, to being the home of the most transparent way of doing business from the future.

Together with every single person involved in the creation of Dealogikal, I invite you to not be reliant on what is and always look for what's next.

Be part of the change.







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We can create a world where  
demand can meet supply.

Cheaper, better, faster.”



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