RESEARCH PAPER

XCAD Network
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INTRODUCTION

X X CAD NETWORK

Introduction // Team Overview // Market Strategy // Market Opportunity // Competition // Risks // Disclaimer // Appendix

What is XCAD Network?

XCAD Network is a disruptive social platform for content creators to engage with their audience while monetizing their content by the XCAD tokenized economy and marketplace. The platform allows creators to monetize their content by creating their content creator token and NFTs on the XCAD network.

The platform utilizes a decentralized finance (DeFi) solution for the monetization of content, by a native decentralized exchange (DEX) that is powered by Zilliqa. The XCAD DEX will be the marketplace of the content creator tokens, this will be further highlighted in the chapter "XCAD DEX". The content creator has the ability to mint NFTs to engage with the audience and to create value for their brands. Therefore, minting NFTs is beneficial for the content creator and the audience. This will be further highlighted in the chapter "Creator NFT Marketplace".

The native token of XCAD Network is $XCAD. The token is being utilized for governance, staking, providing liquidity, and trading within the XCAD ecosystem. The XCADEMY platform is an existing online platform that teaches aspiring YouTube content creators to increase their engagement and overall social traction on the platform. The platform currently has thousands of e-learning students and is supported by the biggest UK YouTube content creators with a total following of 50 million subscribers. The tokenomics of the XCAD Network and the implications of the $XCAD token are further highlighted in chapter "XCAD token"

The XCAD Network essentially has the following priorities:

- Enabling content creators to further monetize their content
- Increasing engagement with the audience by NFTs and content creator tokens
- A reward mechanism that rewards loyal fans of the content creator

Ecosystem Overview

General Overview

Project Name:	XCAD Network
Ticker:	XCAD
Circulating supply:	9,980,000
Max Supply:	200,000,000
Supply ratio (Max/Circulating):	4,99%

Financial Statistics

Current price:	$0.9553
Private sale price:	$0.10
ROI (in USD):	950%
Market Cap:	$9,481,000
Fully diluted Market cap:	$190,000,000

Value creation feedback model

The value creation feedback model design of an ecosystem is essential for the growth and overall sustainability of the ecosystem. The model should ensure that the ecosystem can sustain growth while creating network effects to further drive value creation without any constraints. The value creation feedback model, shown in figure 1, of XCAD Network allows the ecosystem to create unique network effects while being beneficial for several stakeholders by creating synergy between different key parts of the ecosystem.

The XCAD ecosystem is connected to the Xcademy, e-learning platform. The Xcademy platform teaches YouTube content creators to increase their overall traction. The synergy between the e-learning platform and XCAD Network is that if students of the Xcademy platform grow, it also increases their social impact on the XCAD network. Therefore, the synergy of the Xcademy e-learning platform and XCAD network is significant.

The students of Xcademy utilize the XCAD network to further monetize their content by NFT's and their Content Creator (CC) token. The new monetization allows these students to grow quicker considering the stream of revenue, therefore increasing the exposure of Xcademy and XCAD Network. The XCAD network allows the students of Xcademy to be more engaging with their fans, by adding NFT's and their CC token.

The community of XCAD Network benefits if the content creator increases their following, considering it will allow them to achieve milestones and therefore CC tokens will be burned. The deflationary tokenomics decrease the supply of the CC tokens, therefore increasing the fully diluted market cap. Thereby, the community of the XCAD Network will constantly be searching for new opportunities i.e. rising stars to invest in their CC token. This will increase the value of the content creator tokens, thereby increasing the overall revenue stream of content creators.
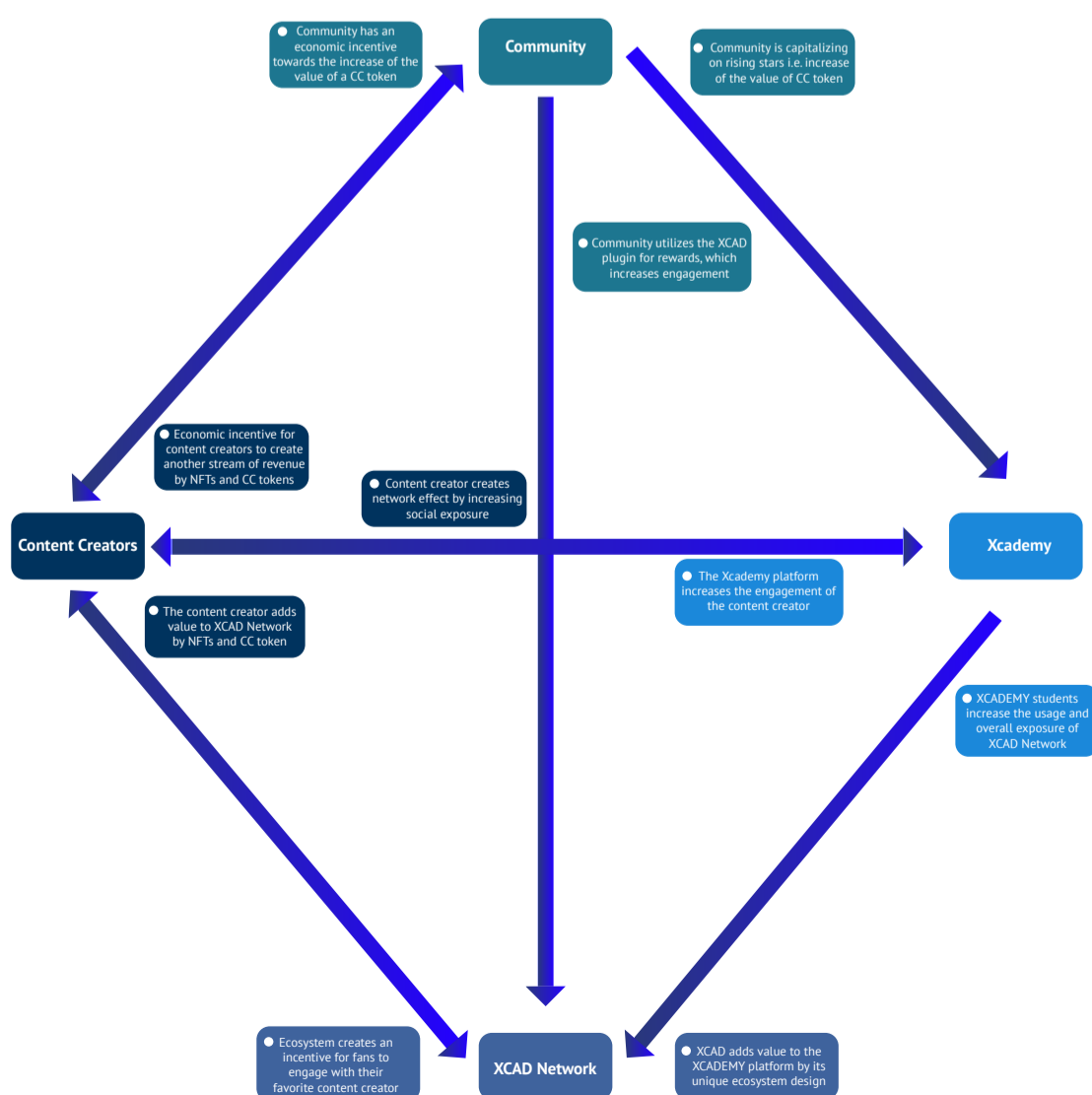

Figure 1 Value creation feedback model

XCAD token

The XCAD token has a maximum supply of 200,000,000 tokens, shown in figure 1 in the appendix, with an initial listing supply of 9,980,000 tokens. The token was listed at an initial market cap of 998,000 USD. The XCAD token had two sales. The pre-seed sale was entirely bought by Zilliqa and raised 250,250 USD on 4,550,000 tokens. The pre-seed tokens have a 6-month cliff, after which, it has a 20% quarterly unlock as shown in figure 2 in the appendix.

The seed sale was a public sale on DAO Maker and raised 3,690,000 USD on 36,900,000 tokens. 20% of the seed tokens will be unlocked at the initial launch and every quarter another 20% will be unlocked. The XCAD tokens have multiple usages in the XCAD ecosystem. The XCAD Network native token is being used for governance, staking, providing liquidity, and trading within the XCAD ecosystem, shown in figures 4 and 5.
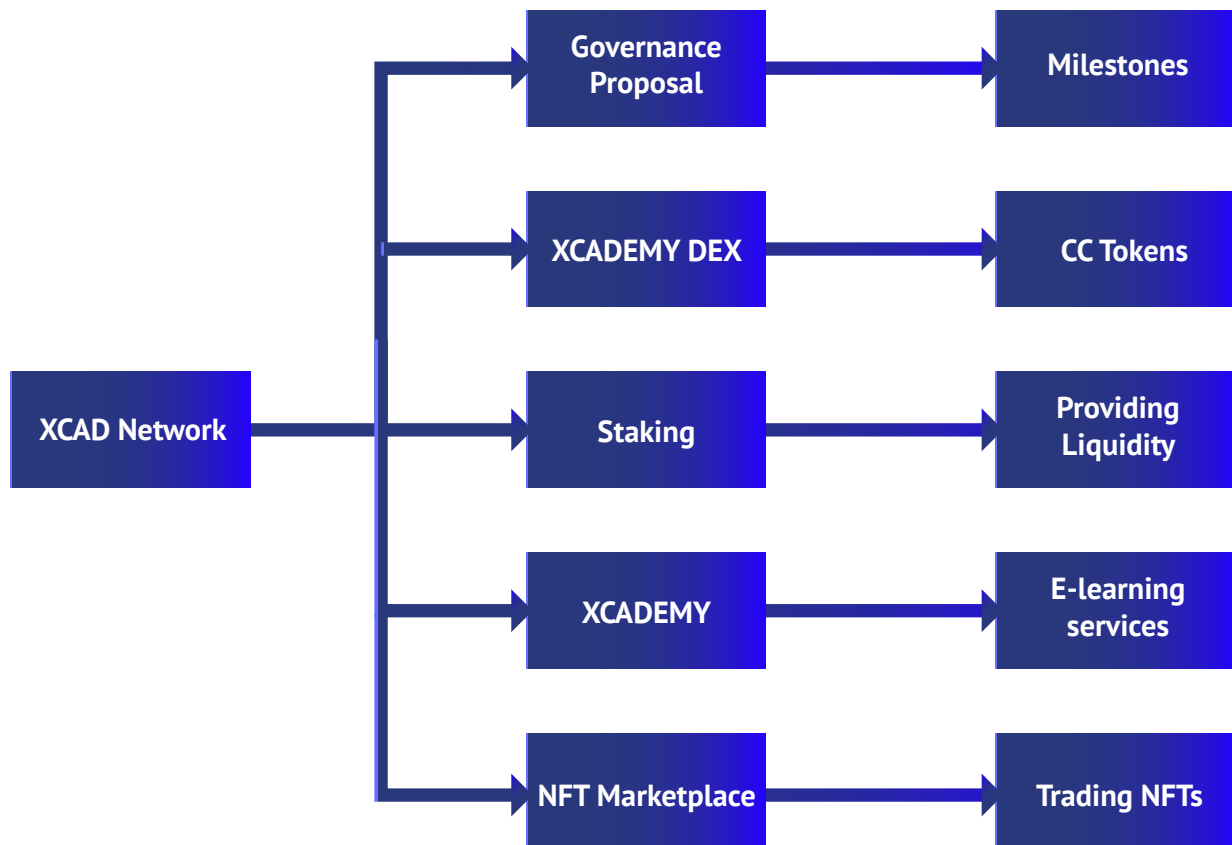

Figure 4 XCAD Network ecosystem model

Governance

The XCAD token is being used for the XCAD governance portal. The token holders of XCAD decide if a content creator can launch their CC token and set requirements for unlocking these tokens of creators. These requirements to unlock native creator tokens are milestones, e.g. YouTube milestones, and create an economic incentive for the content creator to achieve these milestones. As highlighted above in the value creation feedback model, the investors have an economic incentive to ensure the milestones are achieved. The XCAD network utilizes the XCAD DEX to trade content creator tokens against XCAD.

Xcademy DEX

The XCAD DEX is the marketplace for all content creator tokens issued by the XCAD Network. The DEX utilizes the XCAD token as a means of payment, therefore creating organic demand on the XCAD token. The DEX will play a major role within the ecosystem of XCAD Network considering it allows every tokenized content creator to list their token without any financial constraints. The organic demand comes from fans engaging with the brand of content creators and investors that are speculating on an increase in the value of the content creator token. The XCAD DEX is constructed by the Zilliqa team, this will be further highlighted in the upcoming chapter 'Strategic partners'.

Staking

The XCAD Network has a staking mechanism, that allows users to utilize a multiplier to earn greater content creator token rewards by the XCAD plugin. The plugin allows viewers to earn content creator tokens while consuming the content of that content creator. The XCAD tokens will be staked in a liquidity pool, thereby ensuring that there is sufficient liquidity on the XCAD DEX. A DEX must have enough liquidity to avoid liquidity gaps and overall bid-ask spreads. The risk of providing liquidity is partially offset by the multiplier, by rewarding stakers with more content creator tokens.

Xcademy

The XCADEMY E-learning platform was launched in December 2019. The e-learning platform has 60,000 free users and over 6,000 premium students. The purpose of Xcademy is to support content creators by guiding them in their content-creating journey by assisting them on topics such as marketing, brand placement, and overall engagement. The Xcademy platform utilizes the UK's most successful content creators to assist the XCADEMY students.

The XCAD token will be integrated within the Xcademy Platform. The e-learning platform utilizes a subscription model that will use the XCAD token as a means for payment. Therefore, the students of the e-learning platform will generate organic demand for the XCAD token.

As highlighted before in the Value creation feedback model, if an Xcademy student manages to increase their overall engagement, and implements the financial incentive of the XCAD Network it has a significant positive impact on the XCAD Network. If the audience of the XCADEMY student increases, the probability of fans buying CC tokens and other services within the XCAD Network to interact with the content creator will rise accordingly. Considering that the XCAD Token will be used for the trading of CC tokens on the XCAD DEX, it will increase in demand and therefore rise in value.
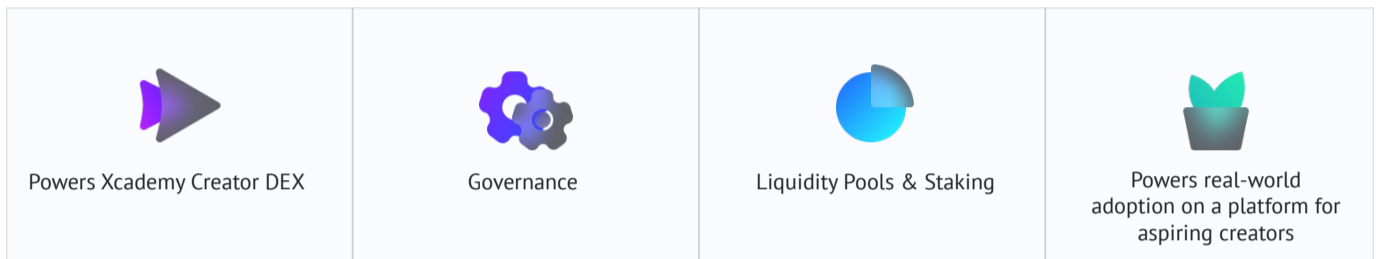
XCAD Utility

Powers Xcademy Creator DEX	Governance	Liquidity Pools & Staking	Powers real-world adoption on a platform for aspiring creators

Figure 5 XCAD token Utility visualization

Content Creator (CC) Tokens

The content creator (CC) tokens allow content creators to create a new revenue stream to further grow their following and therefore increase their social impact. The synergy between the CC tokens and XCAD network is briefly highlighted in the chapter 'Value creation feedback model', in this chapter the synergy will be further elaborated.

The CC tokens will be available on the XCAD DEX, a native DEX of the XCAD Network. The CC tokens can only be traded against the XCAD token, therefore creating an organic demand for XCAD. The CC token is used for governance, loyalty rewards, and to engage with content creators. The holders of a CC token can vote on content creators' future content, video selection, and other key decisions revolving around the content creator's channel. The content creator gains feedback from his audience on the current content and viewers can engage with their content creator with a unique direct feedback mechanism. The viewers that hold their tokens for a longer period get rewarded with loyalty rewards such as NFT's, video features, and more, this will be further highlighted in the upcoming chapter 'Viewer pool'. The token can also be used to purchase a variety of connection-based services with the content creator such as exclusive NFT access and merchandise.

The CC tokens can be tracked and analyzed on influencermarketcap.com. The website tracks all CC tokens and allows investors to speculate on rising stars. Therefore, capitalizing on the increasing value of a CC token.
The tokenomics of CC tokens have a deflationary nature e.g. burning mechanism. The burning mechanism of the CC tokens is triggered whenever a preset milestone is achieved. The implications of how the CC burning mechanism works are highlighted in figure 6.

The content creator token supply consists out of three pools:

- Viewer pool
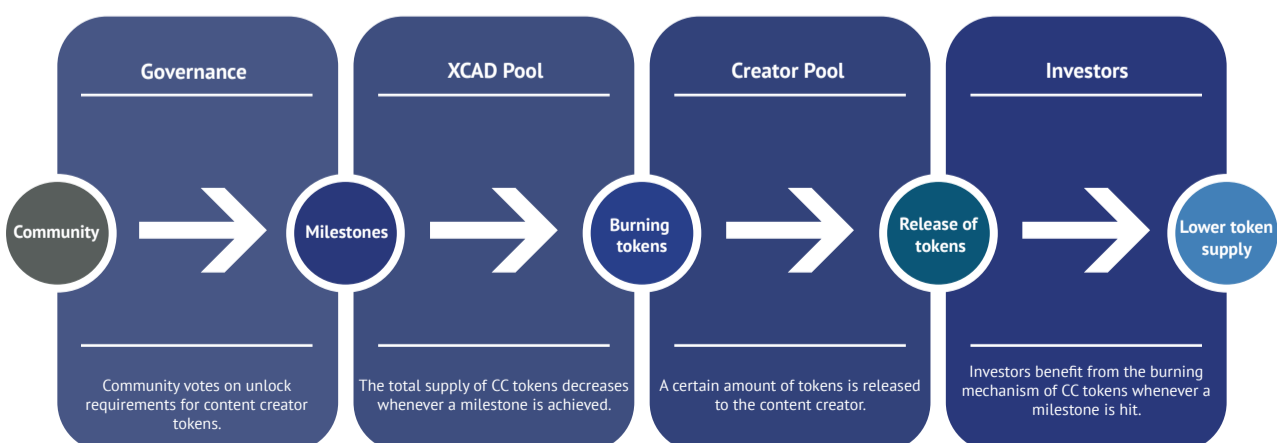- XCAD Pool
- Content creator pool

Figure 6 Content creator token model

Viewer pool

The viewer pool is a set of tokens solely for the viewers of the content creator. The XCAD ecosystem utilizes an XCAD plugin that allows viewers to earn CC tokens while watching content from the viewer token pool. The viewer has to watch 80% or more of the content to be eligible to get rewards. Considering the YouTube algorithm mainly depends on watch time, it helps the content creator to organically be suggested to other users on YouTube. Therefore, increasing the social impact of the content creator on platforms such as YouTube. If the content creator increases engagement, the probability of achieving preset governance milestones is higher. Therefore burning the total supply of the CC tokens, considering the deflationary nature of the CC tokenomics.

The viewers can trade these tokens on the XCAD DEX. The reward system for viewers allows content creators to increase engagement, therefore increasing their monetization. The viewer gets rewarded for his valuable time and can engage with his favorite content creator towards their CC token and NFTs. However, the viewer that holds creator tokens gets rewarded for his loyalty by earning more benefits:

- Exclusive NFT access

- Close friends access

- Shoutouts of the content creator

- Merchandise offerings

- Exclusive event access

XCAD Pool

The XCAD pool is a pool of tokens that will be utilized for the burning mechanism of the CC tokens.

Content creator pool

The content creator pool is a pool of tokens solely for the content creator. The supply of the CC tokens, as highlighted earlier in this chapter, is deflationary. The content creator pool allows the content creator to further monetize their content while ensuring independence.

Creator NFT Marketplace

The creator NFT marketplace is the XCAD Network marketplace for trading and minting NFTs. The content creator can mint unique NFTs to enable their community to engage. Viewers can purchase these exclusive NFT's and trade them on the NFT marketplace. The XCAD Network is aiming to make this process as easy as possible, to ensure that the audience of the content creator can buy, trade, and hold NFTs without any complexity constraints. The means of payment on the creator NFT marketplace is the XCAD network native token $XCAD, as highlighted earlier in this paper. The creator has a financial incentive to create unique and creative NFT's considering the content creator receives a commission on every NFT transaction. Therefore, allowing the content creator to generate passive income.

The XCAD Network further revolutionizes the NFT market by NFT 'Moment' packs. These packs consist of a variety of creator moments from their iconic content. The NFTs have a rarity and this is classified by the NFT type. The NFT types are (from common to rare):

- Bronze

- Silver

- Gold

- Rare

The rarity of an NFT makes it more valuable, considering it is more scarce and therefore harder to obtain.

TEAM OVERVIEW

The XCAD Network Team

The XCAD Network team consists of innovative and disruptive entrepreneurs. The team of XCAD Network launched the E-learning platform, Xcademy in 2019, and managed to found a community of 50.000 students. Therefore, underwriting their understanding of social media platforms and the needed requirements to increase engagement. The team is being assisted by advisors of Zilliqa, Ditto Music, and Dao Maker, as highlighted in figure 7.

Business Management

Oliver Bell

Co-founder and CEO of XCAD Network
Co-founder and CEO of Xcademy

- 5+ years of experience in the blockchain industry

Joel Morris

Co-founder and CCO of XCAD Network
Co-founder of Xcademy

- One of the biggest UK YouTubers
- Previously worked with Facebook

Jeff Ward

CTO of XCAD Network

- Previously CTO of Opulous, BlueBox Music and Ditto Music
- Co-founder of Ten8
- 10+ years of experience as software engineer

Advisors

Hatu sheikh

Dao Maker Co-founder

Lee Parsons

CEO and Co-founder of Ditto Music

Max Kantelia

CEO & Co-founder of Anquan capital and Zilliqa

Colin Miles

CEO of Zilliqa

Figure 7 *Team and advisors of XCAD Network*

MARKET STRATEGY

Growth strategy

The XCAD Network ecosystem is aiming to revolutionize the monetization of content creators by adding a new revenue stream of CC tokens and NFTs. The disruptive nature of the project is beneficial for the audience of the content creator and the content creator itself. The synergy between the content creator tokens and the native XCAD token has been highlighted before in this paper. However, it is essential for the synergy that content creators will use the ecosystem to ensure a constant flow of NFTs and CC tokens to create organic demand for the native XCAD token. The XCAD Network team can leverage their contacts and expertise on social media platforms to onboard content creators.

Content Creators

A study of Rakuten reveals that 81% of U.S. consumers have purchased through clicking a link or image shared by an influencer (Degreef, A., 2019). A study by Wielki unveiled that influencers can drive entire industries, even being critical to their success (Wielki, J., 2020). Therefore, the success of XCAD Network will dependent on the adoption of content creators and their ability to create demand for the XCAD native and the CC tokens. The XCAD Network is currently being supported by a few of the biggest YouTuber content creators on the platform, shown in figure 8. The audience of these content creators exceeds 120 million subscribers on YouTube. The overall influence of these YouTubers on other content creators is considerable and will push the further adoption of XCAD Network. On the other hand, the design of the XCAD ecosystem does capitalize on the injustice of the monetization of content creator platforms e.g. YouTube, this will be further highlighted in the 'Market opportunity' section.
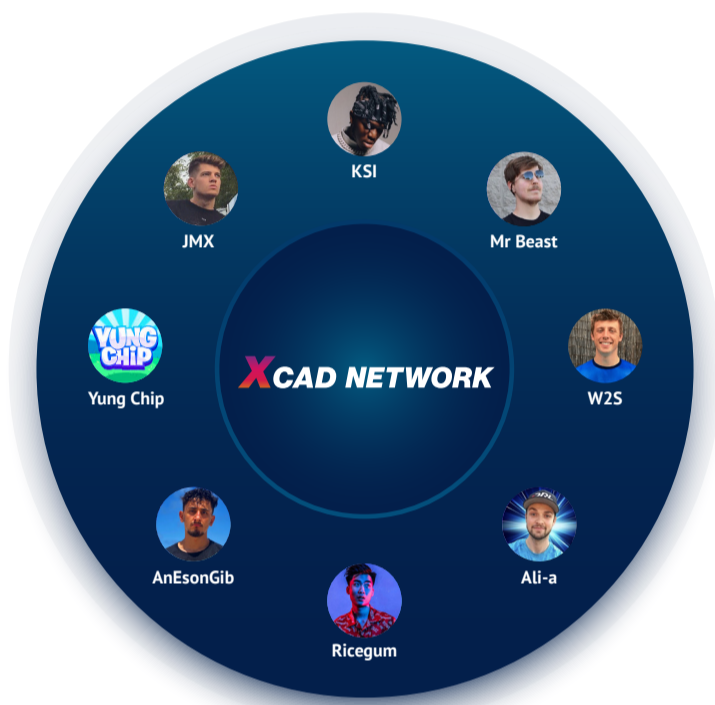

Figure 8 *The current content creators on XCAD Network*

Strategic Partners

The strategic partners of XCAD Network are Zilliqa, DAO Maker, and Chainport, shown in figure 9. These partners will create value by adding their expertise to the XCAD Network. Zilliqa will support the XCAD Network by constructing essential parts of the ecosystem e.g. XCAD DEX. The Zilliqa team has a proven track record of expertise in the blockchain industry, and especially within NFT and DEX solutions. DAO Maker is a platform for retail ventures to invest in equity and tokens. This platform managed to raise over 6.8$ billion USD through its services. The platform continues to grow and its IDO's are highly anticipated by retail investors, therefore it is an excellent partner that will help XCAD Network to achieve its funding. Chainport will ensure that the XCAD Network can utilize a BSC bridge to attract more investors by interoperability.

The strategic partnerships have been established with powerful partners in their bid to provide a user-friendly blockchain marketplace and tokenization process to create revenue streams by providing NFTs and content creator tokens.

Strategic Partners

Figure 9 *Strategic partners of XCAD Network*

Community

The community of a newly launching product, that needs funding, is crucial. A broad and loyal community makes the overall probability of investment significantly larger. Therefore, increasing your community is important to ensure a public funding round is successful. As highlighted before, the initial DEX offering on DAO Maker of XCAD Network was successful, considering it was completely sold out. Besides funding, a community also can be used as a launchpad for your product. The XCAD Network is a business-to-consumer product, therefore the overall usage of the ecosystem is essential for further growth.

Telegram Members

Figure 10 XCAD Network Telegram growth

The Telegram community of XCAD Network is growing rapidly, an increase of 12,000% in 3 months totaling 23,000 members, shown in figure 10. The Twitter community of XCAD Network is slightly inflated, considering the project utilizes the Twitter handle of XCADEMY. As highlighted before in this paper, XCADEMY was launched before XCAD Network and therefore had its following. However, the XCAD Network launch has a significant influence on the growth of the Twitter community. The number of Twitter followers grew by 100% in the last 3 months, excluding the initial followers of XCADEMY, shown in figure 11.

The increase in the size of the community signals that investors are devoted to the project. The crucial part is that the size of the community has direct leverage on the number of content creators willing to integrate XCAD Network into their brand. To add to that, the community has an important role within the XCAD Network by their governance proposals and overall demand for NFTs and CC tokens.
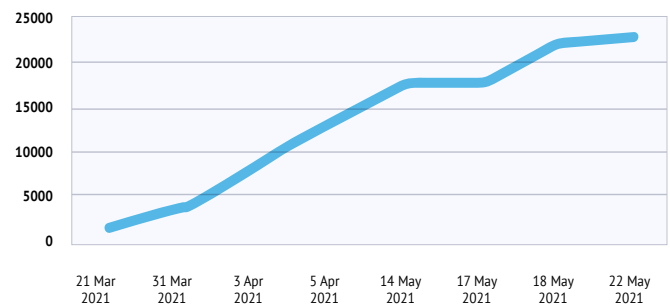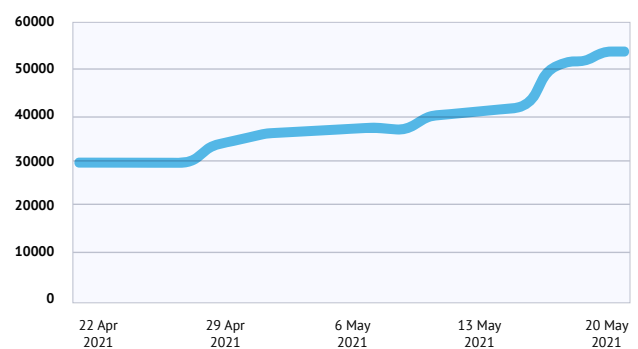
Twitter Followers

Figure 11 XCAD Network Twitter growth

Roadmap

The XCAD Ecosystem is being built by Zilliqa, as highlighted before in this paper. Zilliqa was one of the first ecosystems that implemented the 'sharding' technology. This technology allows transactions to be broken up into 'shards' and different and unique nodes solely verify certain shards, effectively performing parallel processing to increase the overall transaction output. The Zilliqa ecosystem is one of the most promising ecosystems in the current cryptocurrency industry with broad expertise on cryptocurrency implementations and ecosystems.

The current roadmap shows that most of the features of XCAD Network will be released in Q2 and Q3, shown in figure 12. In the last quarter, a mobile application will be released to track CC rewards and the XCAD token will be implemented in the XCADEMY ecosystem. Therefore, increasing the synergy between the XCAD network and XCADEMY e-learning platform
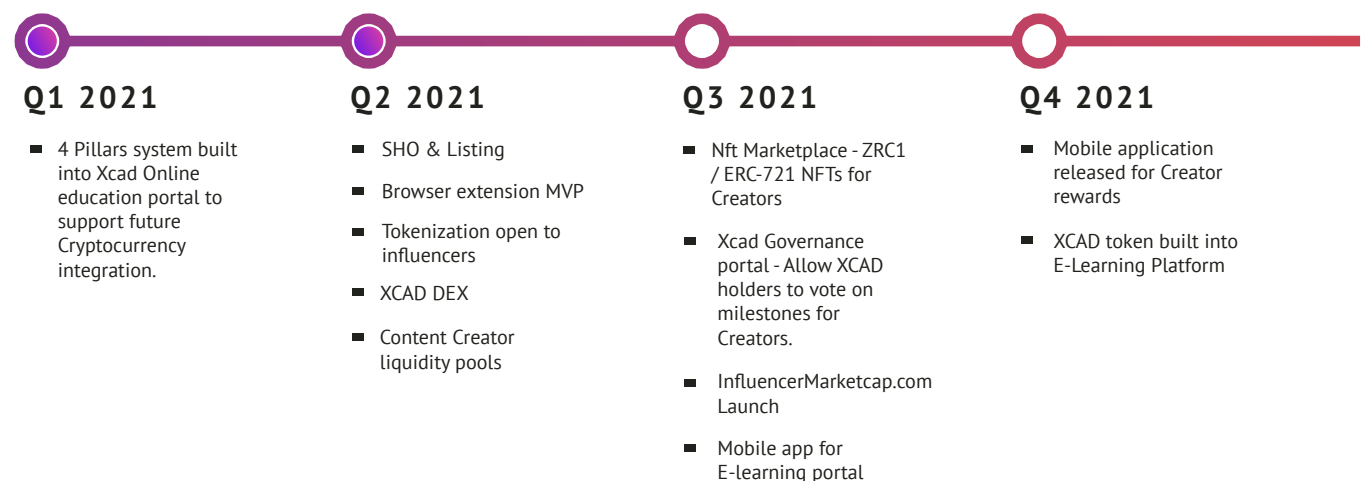

Q1 2021
- 4 Pillars system built into Xcad Online education portal to support future Cryptocurrency integration.

Q2 2021
- SHO & Listing
- Browser extension MVP
- Tokenization open to influencers
- XCAD DEX
- Content Creator liquidity pools

Q3 2021
- Nft Marketplace - ZRC1 / ERC-721 NFTs for Creators
- Xcad Governance portal - Allow XCAD holders to vote on milestones for Creators.
- InfluencerMarketcap.com Launch
- Mobile app for E-learning portal

Q4 2021
- Mobile application released for Creator rewards
- XCAD token built into E-Learning Platform

Figure 11 XCAD Network Roadmap of upcoming quarters

MARKET OPPORTUNITY

The age of content creators

Content creators are part of our daily lives, they play a huge part in our daily consumption of entertainment. According to a study by Hansen, there are more than 50 million content creators while these are not all full-time content creators, it remains an impressive number (Hansen, P., 2021). The digital content creator industry was estimated at 11 billion USD, with an estimated CAGR of 12%. (InsightSLICE, 2019). This makes the digital content industry one of the quickest growing industries of the current decennia. The reason for the growth could be backtracked to the growth of social media platforms, considering these are being used to share digital content. One of the most prominent content creator platform is YouTube with a user base of 2.3 billion people, which makes it the second most-used social platform (Newberry, C., 2021). The growth of YouTube is impressive, with a revenue of 19.7 billion USD in 2020, shown in figure 13, with an average year-over-year growth rate of 39%.
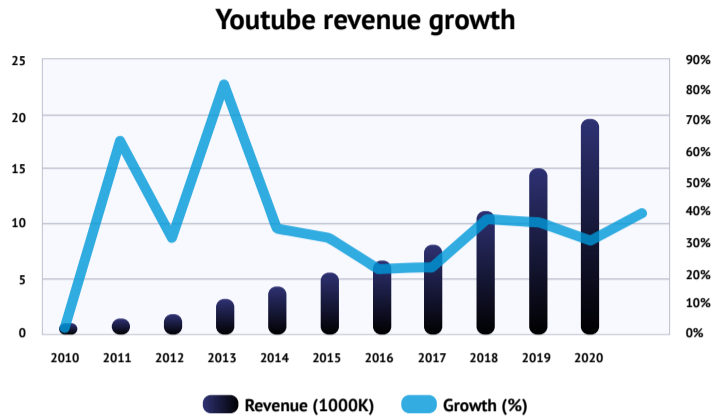

Figure 13 *Youtube revenue growth year-over-year*

Monopolists of content creation platforms

The current landscape of content creator platforms is very thin, with a few very influential companies e.g. Facebook, Google, and Amazon. These companies have their community guidelines and policies to ensure that inappropriate content is excluded and malicious intent is prevented. The content creator framework of YouTube mainly consists out of community guidelines. These define what you can and cannot do on YouTube, mainly to prevent any unsuitable content. However, the framework has it is flaws and changes relatively often, and more often than not these changes are considered unjustifiable by content creators.

The community guidelines are strict and punishments can be harsh, to such an extent that YouTube deletes your channel. A relatively common punishment for inappropriate content is demonetization. The content creator is unable to earn any revenue from ads played if the content is demonetized. The line between demonetization and being able to earn ad revenue can be very thin, like abbreviations of the COVID19 pandemic such as 'CV' were a reason for content creators to get demonetized. A high school history teacher was banned from the platform because his content included 'Nazi propaganda', however in reality the purpose of his content was to teach his class and to provide background information about World War II. The demonetization of content creators is an imminent problem for full-time content creators. The stability of ad revenue is compromised by the demonetization issue, and negatively impacting the probability of recommendation by the YouTube algorithm. To put this imminent issue in perspective, the significance of ad revenue has to be highlighted.

Advertisement system of YouTube

The amount of advertisement (ad) revenue of YouTube relies on the CPM metric, cost per 1,000 impressions, the advertiser needs to pay YouTube for every 1,000 impressions their advertisements receive on YouTube. The CPM metric depends on the budget of advertisers to display their advertisements. The ad price on YouTube depends on supply and demand, type of ad, and overall consistency. The YouTube partnership program gives 55% of the paid CPM to the content creator, and the remaining 45% goes to YouTube. However, you need a certain amount of views and overall reach to be able to partner up with the YouTube Partnership program. If your overall reach or views are not sufficient, YouTube will still place ads on your video without rewarding the content creator with any revenue from these curated ads. Therefore, pushing smaller content creators out of the market considering they cannot compete with the bigger channels even with their unique selling point of having no ads. The ad revenue stream is significant for content creators, considering it fulfills a significant chunk of the overall revenue of a content creator. As highlighted before, demonetization causes financial instability and lowers probability of getting recommended by the YouTube algorithm. The impact of the Youtube algorithm and its overall implications will be highlighted in the upcoming chapter.

Youtube Algorithm

The YouTube Algorithm determines what the user base of YouTube watches for 70% of the time (Hansen, P., 2021). A study suggests that 81% of American YouTube users regularly watch videos recommended by the YouTube Algorithm (Smith, A., Toor, S., & Kessel, P., 2018), as shown in figure 14. Hence, increasing the probability of getting recommended by the YouTube algorithm is crucial for content creators.

The YouTube Algorithm favors content that has a high rate of watch time and overall engagement i.e. likes. Due to the importance of the algorithm, content creators tend to switch over to child-friendly content to prevent any demonetization issues and lower recommendation probability. Therefore, content gets more and more complimentary without any critical note. This increases the saturation of the content creator market by pushing content creators into a certain content category. Consequently, the CPM metric decreases because of supply and demand and thereupon lowering the overall revenue of these content creators.
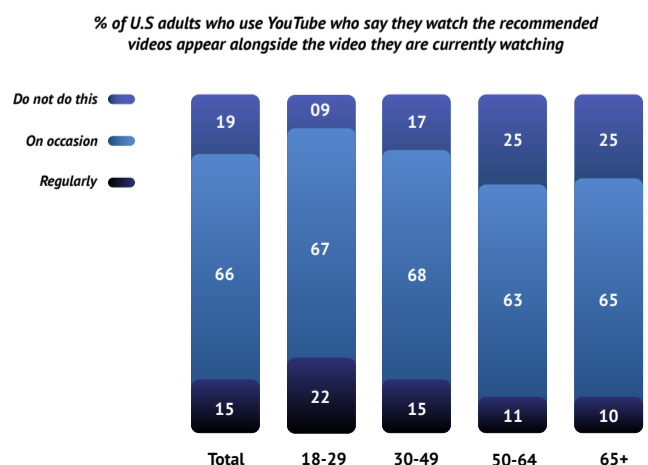

Figure 14 *YouTube Algorithm impact figure*

Monetization flows

The revenue stream of content creators does not solely depend on the ad revenue. The influence of content creators, as highlighted earlier in this paper, is enormous. Therefore, brands are interested to work together with content creators in marketing deals to increase the exposure of their products. The marketing strategy is mostly by paid content posts, or by a 3rd party brand deal. Besides the brand deals content creators, in general, have merchandise, get a small portion of the revenue of the YouTube premium, and potentially get revenue through live events, shown in figure 15.

The majority of revenue streams of content creators do depend on third parties, therefore value is mainly being created by third parties. The content creator does rely on third-party frameworks, which can counteract interaction with their brand and overall revenue stream, e.g. demonetization, canceled deals, and long-term reputation issues.
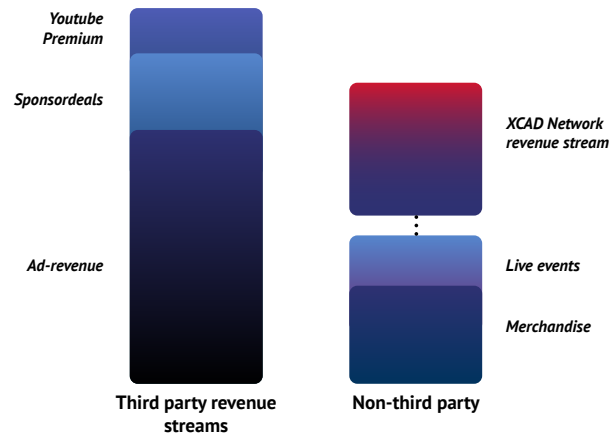

Figure 15 *Revenue streams of content creators*

The unreliability of third-party revenue streams is the main issue for content creators. The changes of the YouTube framework together with social-community changes make the probability of getting demonetized, therefore lowering your YouTube algorithm probability, higher. Thereby, if you get a lower rate of engagement because of a lower probability of recommendation by the Youtube Algorithm the other revenue streams will get negatively impacted.

XCAD Network allows content creators to generate a revenue stream without third-party constraints. The content creator earns revenue by their CC token which is connected to the performance of the content creator in milestones. The content creator is rewarded for unique NFT content by earning revenue based on transaction fees. Therefore, the content creator has a financial incentive to achieve milestones set by a governance protocol and create valuable NFTs to increase overall transaction fee revenue.

Engagement

The XCAD Network will increase engagement of the content creators by their XCAD plugin by rewarding viewers that watch >80% of a video. The increase of engagement has a positive implication on the probability of getting recommended by the YouTube algorithm to other users, therefore increasing the overall impressions of the content. As highlighted before in this paper, the monetization system of YouTube relies on the CPM metric. Therefore, if the content creator gets more impressions on their videos it will increase their overall ad revenue. The XCAD network has a significant influence on the existing monetization revenue streams of the content creator by creating engagement by improving the YouTube Algorithm recommendation probability. To add to that, XCAD creates a new revenue stream by allowing content creators to earn revenue by NFTs and their CC token.

COMPETITION

X X XCAD NETWORK

Introduction // Team Overview // Market Strategy // Market Opportunity // Competition // Risks // Disclaimer // Appendix

Competition

The XCAD Network does currently not have substantial direct competition, considering their product is relatively innovative. Therefore, it is relatively hard to benchmark XCAD Network to direct competitors. However, the closest competitors of XCAD Network are Chiliz and Rally.

Chiliz ($CHZ)

Chiliz is the first blockchain-based fan token on the Socios.com platform. The project tokenizes sports teams by creating fan tokens. These tokens allow fans to engage with their favorite sports team while having an impact on influential decision-making by allowing fans to vote on certain polls. To add to that, the fan tokens give owners access to exclusive rewards, experiences, and overall social interaction with their favorite team. The main difference between Chiliz and XCAD Network is that Chiliz has a sports focus, while XCAD focuses on content creators. That does not make Chiliz a direct competitor of XCAD Network, however, it is a valid benchmark considering their approach is similar.

Chiliz is currently in the top 100 by market cap and is considered a very promising project within the blockchain industry. The tokenization of sports clubs by fan tokens is an innovative concept to add a new revenue flow while increasing the engagement of their fans. Therefore, multiple considerable European football teams, such as Paris Saint-Germain, AS Roma, and Atletico Madrid, do have a fan-token based on Chiliz.

Rally ($RLY)

Rally is a direct competitor of XCAD Network, and in general, the two coins have a lot in common. Rally is an open network that enables content creators to tokenize themselves by their social token. The holders of these tokens gain access to unreleased content, private communities, events, and merchandise. Rally Holders can participate in a governance system that enables the community of $RLY holders to influence major changes to the Rally Network. Rally has a creator coin tracker that tracks the number of supports, volume, and overall price of each creator coin. The main value creation of both coins depends on the support of content creators, considering they bring value to the ecosystem with their audience and creator token.

However, Rally doesn't support NFTs at the moment, does not have a DEX to trade their tokens, and does not reward viewers for engaging with content. Rally does utilize a CEX for trading CC tokens, to ensure stabilization a control mechanism prevents high volatility. In general, this is a traditional mechanism that is utilized by stock exchanges i.e. 'circuit breaker'. However, this kind of defeats the point of cryptocurrencies and overall adds a single point of failure to the ecosystem. Furthermore, the issue of having no NFT support is significant considering that the NFT industry is one of the most popular industries within the blockchain industry and adds a valuable revenue stream for content creators.

RISKS

Content creator support

The XCAD Network relies on the support of content creators, the creation of value heavily depends on the adoption rate of content creators. Therefore, the ecosystem has a single point of failure. The cause of potential low content creator adoption could vary. A content creator could be unwilling to expose their audience to a potentially volatile asset. The main issue is that a cryptocurrency, especially low market cap cryptocurrencies, are incredibly volatile.

The content creator tokens are most likely low market cap cryptocurrencies, and exposing your audience to such volatile assets could lead to reputational issues. To add to that, content creators could have malicious intent by buying the tokens of other content creators and dump them on their audiences. This could potentially lead to reputational issues for the inflicted content creator, and their audience to lose their hard-earned money.

Conflict of interests

The unlock scheme of content creator tokens depend on milestones, that are set by governance. Therefore, the holders of the creator token do have a direct impact on the unlocking scheme of the tokens of the content creator. However, the interests of the parties are considerably different. Therefore, a conflict of interest could occur with potential financial drawbacks.

The interest of the content creator is to add a new revenue stream of income, the XCAD Network provides the content creator with two new revenue streams by a cut of the NFT transaction fees and by their CC token. The content creators can sell their CC tokens, whenever they unlock, to ensure revenue and therefore financial stability. However, the audience of the content creator has a different interest. The audience would like to engage with their content creator by holding their CC token. Furthermore, if the CC token decreases in value the overall purchasing power of the CC token decreases thus the holders of the token effectively lose money.

Voting power mechanism

The XCAD network governance mechanism relies on an absolute voting power mechanism. The number of XCAD tokens determines your voting power, therefore whales and especially early investors have significantly more impact on the ecosystem than small investors. In general, that means that the distribution power is not normally distributed considering early investors can acquire a considerable chunk of the voting power. To add to that, malicious actors could prevent content creators to tokenize themselves if they have a significant share of the voting power. Therefore, the governance voting mechanism is slightly flawed.

The ecosystem could utilize a voting power capped system. The main benefit of this system is that voting power is capped, thereby ensuring that whales cannot significantly disrupt the ecosystem by potential malicious intent.

DISCLAIMER

Investment disclaimer

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House of Chimera is an independent blockchain research and advisory firm, and integrity and transparency is our core value. Therefore, we are fully transparent about our holdings and personal interest within the XCAD Network. House of Chimera is holding a financial position within the project by holding the native XCAD token. The integrity of House of Chimera is not compromised by researching XCAD network, considering the XCAD Network team did not influence the research at any stage of the paper.

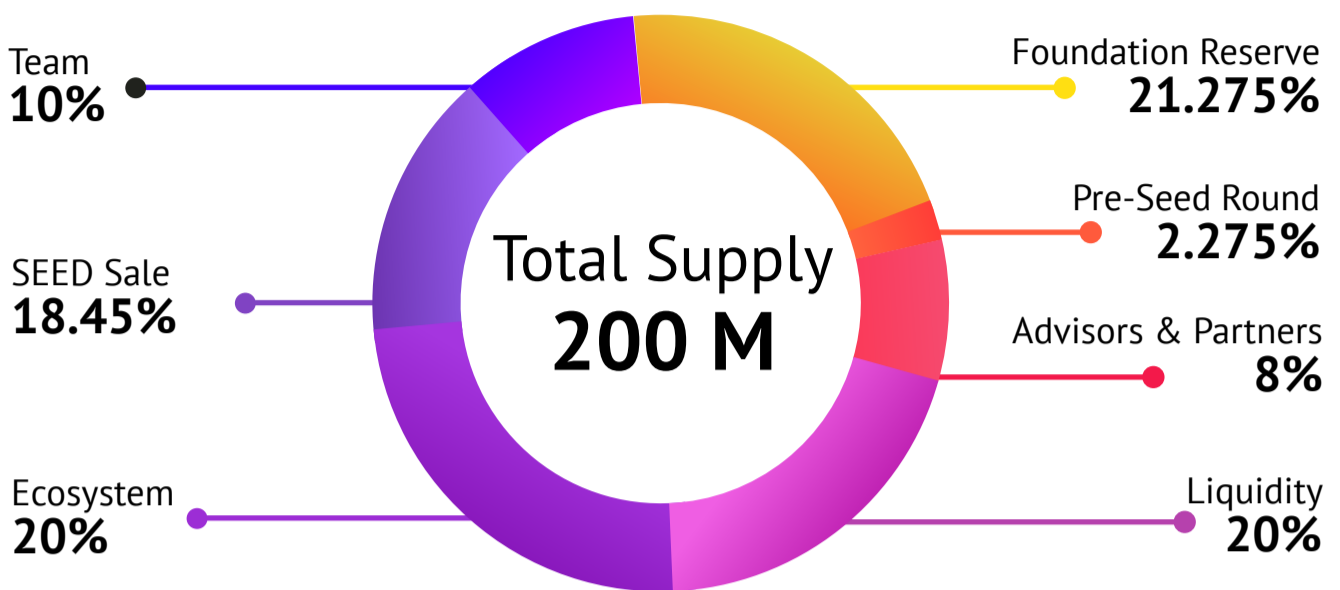# APPENDIX

Appendix

Token Metrics

Team **10%**

Foundation Reserve **21.275%**

Pre-Seed Round **2.275%**

SEED Sale **18.45%**

Advisors & Partners **8%**

Total Supply **200 M**

Ecosystem **20%**

Liquidity **20%**

Figure 2 Tokenomics of XCAD Network

Legend: Pre-Seed Round, Seed Sale, Ecosystem, Advisors & Partners, Liquidity, Team, Foundation Reserve
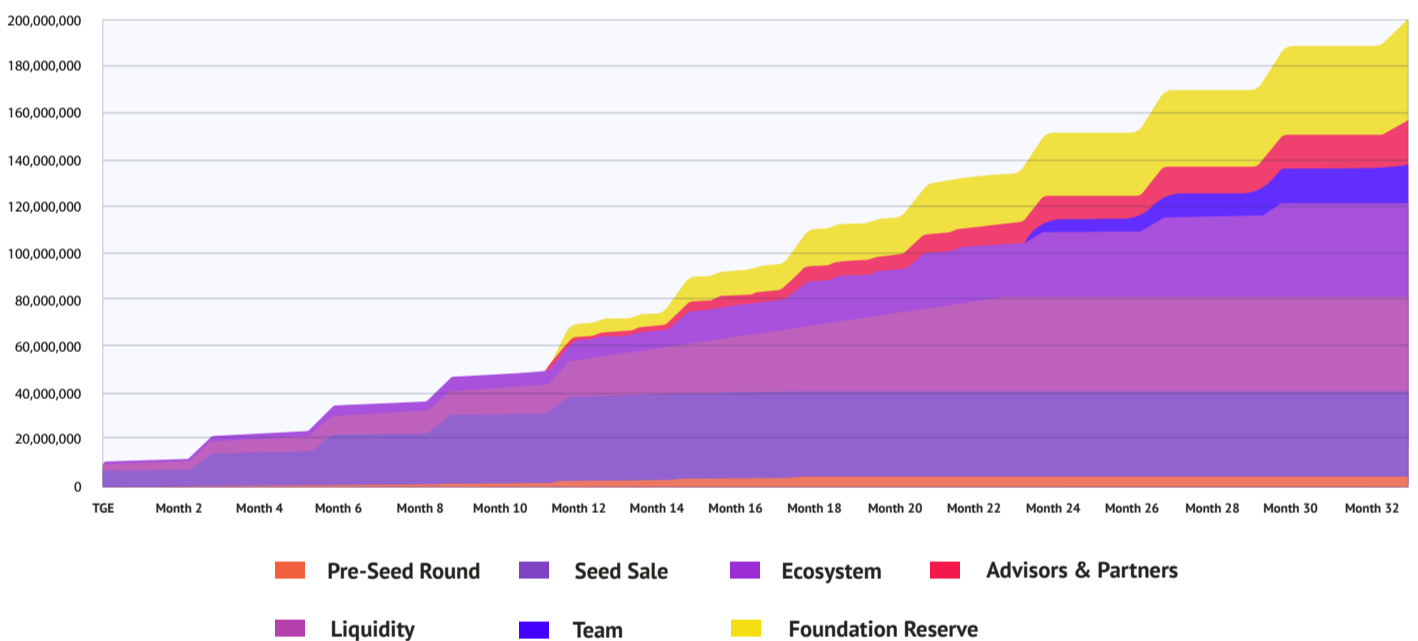
Figure 3 Unlock distribution of XCAD Network

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