Amaten Whitepaper

Contents

An obsolete system

Security Issues

A “gift card” typically takes the form of a one-use code that is redeemable for a fixed face value at a given store or retailer. Gift cards typically have a set expiry date (e.g 3 months) beyond which they are no longer redeemable. Gift cards from retailers come in two forms currently: e-gift cards - which are online gift card codes that can be bought and sent/gifted via email, and physical gift cards – which are typically plastic or cardboard cards with a redeemable one-use code written on them. In both cases, a centralized ledger determining who has redeemed what monetary value of gift cards is kept by the retailer. A user wishing to redeem an e-gift card or a physical gift card will type the one use code into an area on the retailer’s website. If the code matches the centralized list of codes that have yet to be redeemed, the code is deleted from the retailers’ centralized ledger and the user’s account is credited with (for example) $10.

The centralized ledger or list is inherently prone to malicious external or internal tampering, editing or damage. Hackers could potentially gain access to the codes or other sensitive information on the gift card programme and fraudulently redeem codes or sell them online. In case, where the card code is sent to the buyer or bought a local retailer store, it must be trusted that the redeeming code number has not been tampered with. It is like passing a key to a lock box wishing that no one along the way has made a copy of the master key. It is estimated that 62 percent of gift card losses are attributable to dishonest employees; 13 percent to counterfeit or skimmed cards; and 13 percent to stolen cards (Nelson, 2007).

Gift card fraud is not only costly for consumers, it is also costly to retailers and merchants. Eventually merchants are held accountable for instances of fraud or for malicious or fraudulent actions and that can have an impact on their reputation and brand name.

Trust Issues

In addition to security, the other obvious inherent flaw with this system is trust. Many SMEs are effectively excluded from operating gift card programs due to inability for trust to be vetted. This hinders the number of participants in the industry and limits the full potential of its size. I must trust for example: store X or retailer Y, that their centralized list is correct and legitimate when I buy a gift card, and I must trust that when I redeem the card, I will be credited with the whole “face value” of the card. The entire redemption process happens in the business’ centralized backend therefore the users have no visibility of what is happening to the gift card codes, or how it is being stored.

For big organizations, users can trust that they have inventory in stock and enough turnover to support a gift card programme and/or that the face value has really been credited into the card. Still, fraud is the most common issue for gift cards users who find themselves stuck with a gift card that is worthless. This means that the risk is shifted to consumers who must manually input the card number online or find out at the checkout cashier if the card is redeemable.

Inefficiency Issues

The current gift card paradigm is also highly inefficient. Currently, the fastest method of sending a gift card is via email – which is only as secure as the user's email server. The user's experience is sub-optimal and requires many manual steps to buy, transmit and redeem gift cards.

Users are frequently let down and disappointed with their experience when using and sending e-gift cards. Many of the top reviews on large merchant's e-gift cards are "one star" and there are common themes of frustration in these reviews. (It is the lowest rated item on amazon.com) Firstly, many users complain of fraud – a lot of reviewers were unable to redeem their cards as they had already expired or already been redeemed. Secondly, many users were unhappy with their user experience in general. Problems ranged from animations not playing correctly when the sent the cards via email to not being able to get a refund in the event the code had already been redeemed.

From the Merchants point of view the current gift card paradigm is also highly inefficient. If they wish to setup and maintain a gift card programme, they have two broad choices: either setup the infrastructure themselves or hire a 3rd party to run the programme for them. Setting up bespoke software and infrastructure, maintaining the infrastructure, ensuring its security and dedicating staff to customer service is highly costly. Usually only larger retailers and companies have the economies of scale to achieve this – and still the user experience is sub-optimal. Third parties can also be very expensive and highly aggressive in their fee structure for running the gift card programme.

Lastly, we also find that the existing gift cards programs are asymmetric and fragmented due to the wide array of different centralized systems, APIs and software that are used to run different retailer's gift card solutions. Often retailers use expensive third party solutions instead in order to run their gift card programmes.

The degree of inefficiency of the current system is indicated by the number of unused gift cards. Many gift cards go unused in Japan each year – **around 9% (or $1.1Bn)** of the total value of gift cards in Japan were unused or expired in 2017:

Table 2: Japan Gift Card – Unused Value Trend Analysis (US$ Million), 2013-2022						
	2013	2014	2015	2016	2017	CAGR 2013 – 2017
Unused Value	783.8	875.0	963.7	1,054.2	1,146.9	9.99%
Growth Rate (%)		11.6%	10.1%	9.4%	8.8%	
	2018	2019	2020	2021	2022	CAGR 2018 – 2022
Unused Value	1,202.1	1,257.9	1,309.1	1,352.7	1,391.1	3.72%
Growth Rate (%)	4.8%	4.6%	4.1%	3.3%	2.8%	

Secondary Markets

Secondary markets gift cards are rare, and prone to errors and fraudulent activity by some users. Liquidity is available from some of the larger exchanges, such as Amaten in Japan, but the problems and inefficiencies inherent in the current gift card paradigm still negatively affect the operations of these exchanges.

Because exchanges are not given access to the central database of each merchant's gift card programme, it is impossible to verify whether a gift card has been redeemed before it is traded. In some cases, there is a pin that can be input to check the card balance, however many retailers do not allow for this. Often one-use gift cards cannot be checked, and sellers can potentially fraudulently sell cards that have already been redeemed.

For this reason, exchanges often do not allow a "bid-side" of the order book, because sellers could sell already redeemed cards into these bids, leaving the buyer with potentially no recourse. This leaves some liquidity out of the market, as sellers cannot instantly sell into a bidder - as is possible on secondary markets for securities and cryptocurrencies. It also prevents market makers from effectively opening operations and profiting from the bid-ask spread.

Combating fraudulent activity on secondary markets is challenging, time consuming and costly for the exchanges and users. Many secondary markets have set time limits within which buyers can check the balance of the card (for example, 30 minutes) within which the buyers can request a refund if the card is already redeemed. However, this system is also open to fraud from the buyers if they request refunds when the card has not been used. In this way, fraud is prevalent on secondary markets and exchanges from both buyers and sellers, and usually it is the exchange and innocent users that must pay for this fraud.

Often, deposits are required at exchanges to act as collateral against fraud. This could be avoidable if the system was more trustworthy, and therefore smaller buyers and sellers would be more able to participate in the secondary market.

The Solution: Amaten powered by Aelf

Amaten is building the world's first decentralized gift card ecosystem on its own blockchain network running on Aelf as one of the first side chains. This blockchain solution will be inherently secure and fraud-proof, capable of processing tens of thousands of transactions per second, integrate seamlessly with existing merchant infrastructure and will precipitate a whole new superior user experience - forever changing the gift card for the better.

Amaten's existing infrastructure and market position

Amaten is uniquely positioned and well entrenched within the Japanese market to take the gift card 1.0 to the new revolutionary gift card 2.0. Amaten is a gift card exchange established 2012 in Japan. It is the leader in the market and It currently controls over 70% of the gift card secondary market in Japan and has over $110mn in annual revenues. Its revenue grew almost by 45% since 2016. It is the largest gift card marketplace in terms of revenues and transaction volume in Japan. Amaten has over 80,000 users, and the user base is growing by 20% per year on average - the number of transactions is expected to reach 1.1 million in 2019. Currently, 23 types of gift cards are listed and tradable on the Amaten exchange.(Amazon, iTunes etc..)

Amaten is renowned for its high quality customer service and is a household name in Japan thanks to its TV advertisement and marketing campaigns.

Amaten's blockchain platform value proposition

Amaten Chain will allow merchants to create decentralized gift cards based on the AMA-2 Protocol (Tokenized Gift Cards). Amaten will create applications for merchants to easily integrate with their existing centralized infrastructure. Gift Cards issued via the AMA-2 Protocol can be sold via their usual sales channels, in addition to new sales channels that Amaten.com will create. Amaten will support this by creating DAPPS for all users to utilize, powering gift card wallets and integrate directly

with merchants for redemption, and allow the creation of secondary markets for transactions. The fuel of this ecosystem is the AMA Token, , which are the tokens that underpin the whole Amaten Chain – the sole medium for new gift cards creation, fees of transfer and transactions.

Merchants issuing new gift cards created on the Amaten Chain, will be able to change different parameters to tailor each gift card to their specifications. Custom code can be implemented by the merchant: for instance gift cards could "activate" and become transferable/redeemable on or between certain dates or when certain conditions are met – like when user's gift card wallets exceed a certain aggregate face value. These gift cards can be given set expiration dates (like traditional gift cards) at which point they are automatically “burned”. These gift cards can also be given a set face value parameter – the currency of which it can be customized. For example, a merchant could create a $10 face value gift card issuance, or they could create a 0.001 BTC gift card. The "face value" is what the card can be redeemed for at the merchant's store. Merchants would pay creation fees in AMA.

Users will now be able to send gift cards to anyone around the world in a way that is trustless, all transactions will be managed and processed efficiently on the Amaten Chain. Users will purchase from merchants with assurance that their gift card is protected. The Amaten Chain will have the capability to serve a global market of gift cards, reducing friction and barriers for users and retailers. It expands the area that Amaten targets as a potential market besides from Japan. Asia still remains the largest investment area for gift cards, especially China and Korea. The Average gift card spending is still very far below the American average per capita. Yet gift giving is very entrenched as part of the Asian culture. In addition, these particular markets are very much accustomed to the use of digital money, which would make the introduction of a true digital gift on the blockchain a natural evolution of existing habits.

Users

Users will be able to directly interact with the Amaten chain via the Amaten app on their smartphones. The Amaten app will hold their secure wallet(s) and their Amaten account. Based on Aelf technology, when any transaction (including sub-tokens) is sent in the Amaten chain users must pay the transaction fees in AMA . From their Amaten app, users will be able to purchase directly gift cards from merchants or trade on the Amaten exchange. Once a gift card is in the user's app, it can be gifted instantly to whomever he or she wishes, or it can be redeemed.

Customizable settings and added options can also be included to the users when they gift a gift card. For example, creating a pending transaction: the users will be able to choose the date and time at which the card can be sent - like on someone's birthday or wedding anniversary. Users can also include an

animation or a personalized note. A video message or pictures could also be sent along with the gift card. These options can also be added to users using Amaten's exchange market for transactions.

Another way Amaten wants to make the user's experience even more enjoyable, is to reward the users for their participation into the Amaten ecosystem. As users buy/sell or send gift cards, they will be able to collect AMAs, that can be used for further activities or transactions. Users could redeem these AMA for gift cards or discounts.

Merchants

Amaten is creating proprietary software for merchants of any size or revenue to utilize. This software will monitor incoming transactions in the Amaten chain to specific wallets. The wallets being monitored will be "burn" wallets, i.e the wallets that are used to redeem gift card tokens. When tokens are sent to these wallets, they are automatically destroyed, and an immutable public record of this transaction is kept in the blockchain. Amaten's software will record all incoming transactions to these wallets and will note two key parameters: the wallet address that sent the tokens and the amount of gift cards that were sent. For example, say that a user sent a $10 gift card to the corresponding merchant's burn wallet. This transaction would be permanently recorded in the blockchain and Amaten's software would pick up the transaction and put the sender's wallet address and the gross gift card value into a secure private ledger. This ledger would then push the wallet address and the amount of tokens redeemed into the merchant's existing gift card ledger, and any user who has an Amaten wallet address the tokens were sent from would be credited by the merchant with the gift cards that were redeemed. Users can link their Amaten wallet address to one account with the merchant. Even if the user redeemed the tokens and then only later registered their wallet address with the merchant, the data push would mean that as soon as they register their address, the merchant knows to credit them with the amount of tokens they have redeemed – subject to limitations on expiry.

Because the history of redemption is kept on an immutable public ledger it becomes impossible to fraudulently redeem gift cards. Even if someone was able to hack into the merchant's private ledger, the merchant could easily cross reference against the Amaten chain and identify any fraud

The above example was for merchants with already established infrastructure that want to integrate easily and seamlessly with the Amaten chain, but what about smaller merchants and SMEs that may not have their own existing gift card infrastructure? Well in this case, it is even more simple:

Smaller merchants, SMEs or merchants who want to rely completely on Amaten's software can easily run their entire private ledger of redemptions based on the database constructed for them by Amaten's software. Merchants can easily get reports and download copies of the database and see who needs to

be credited with what amount of money, or they can integrate the database directly with their store. Merchants would pay a small monthly fee to Amaten to utilize this software.

Merchants will also gain access to unique new marketing tools. One of these tools is “airdrop marketing”, which is where merchants create gift cards tokens and send them to numerous potential customers to incentivize a very large number of people to come to their store or buy their product. For example, say a merchant is creating 10,000 new gift card that entitles users to a 10$ at the merchant’s store when they redeem one of them. The merchant could then randomly select 10,000 wallet addresses from the Amaten chain and send these gift cards to these wallet address. The merchant could also be more targeted with their marketing campaign and only airdrop gift cards to users with a certain amount of wealth in their Amaten wallets. Merchants could even create airdrop marketing lists based on user history and activity, and this will become a very effective targeted marketing tool for merchants to utilize.

Merchants can also utilize an automatic loyalty programme that works entirely within the blockchain. Merchants that sign up the programme or create their own loyalty token programme can specify the conditions that have to be met for users to receive rewards.

Amaten digital gift card exchange value proposition

The Amaten exchange will be a key pillar of the Amaten ecosystem – providing liquidity and trust. The Amaten exchange will list only the highest quality gift cards on and will require merchants to fulfil minimum financial and reporting requirements in order for their gift cards to be eligible for listing. The exchange will be centralised with an advanced order matching system that will specialize in the new generation of blockchain based gift card trading. The back-end infrastructure will be similar to other cryptocurrency exchanges such as Binance, and therefore it may make commercial sense to purchase intellectual property and infrastructure from an existing cryptocurrency exchange. The Amaten exchange will provide merchants with a valuable primary market distribution channel for their gift cards, as merchants will be able to list new generation gift card issuances directly on the Amaten exchange and set the prices for their issuance as they wish. The marketplace will fit in the decentralized ecosystem and will provide good liquidity from both a primary and secondary market perspective. Gift cards will be listed in both fiat and crypto, which will create good arbitrage opportunities for merchants and increase market depth and liquidity.

While in theory anyone who can pay the creation fees can create a gift card issuance, Amaten will only list the highest quality and most trustworthy issuances on its exchange. This will protect users on the

exchange and promote high quality gift card offerings. It will also allow the direct sale by merchants of their new gift cards into the exchange for their choice of fiat and cryptocurrency. This will be a form of primary market issuance for merchant gift card offerings and will only be open to merchants with fully verified corporate accounts. Merchants will be required to meet certain minimum reporting standards to continue to have their gift cards listed on the Amaten exchange. The requirements are as follows:

- The merchants total gift card issuance, measured in total face value, must not exceed more than 20% of their revenues in a given fiscal year
- Merchants must meet a minimum default requirement – if the merchant default (refusing to redeem cards) rate on gift cards exceeds this minimum, all their gift cards must be delisted
- The merchants must have been operational for at least 2 years prior to their gift card issuance
- The merchants must be reputable and ethical in their business practises
- Merchants must submit reports on their gift card programs every year in order to maintain listing

The Amaten exchange will have an advanced trading UI allowing for various technical indicators to be used, which will help encourage trading volume on the exchange. Amaten will also give better trading fees to market makers who make liquidity on the bid and ask. Unlike the current Amaten gift card exchange, the new generation exchange will allow for orders to be placed as both bids and offers, which will greatly enhance liquidity. It will be hosted in a way that ensures maximum security, and there will be multiple highly secure wallets into which deposits will be taken. Amaten will apply best practices and proper due diligence in managing the exchange and will ensure that it is highly secure.

The Amaten marketplace will finally provide the real-world liquidity that holders of cryptocurrency need. It allows them to transform their cryptocurrencies into goods and services from merchants.

AMA

The AMA token is the native token that fuels the Amaten Chain. AMA has several use cases within the Amaten ecosystem. AMA will be used to pay for creation and transaction fees as well as an incentive for users to receive all kinds of promotions and discounts for users and as well as merchants. Due to the fixed total circulation of AMA, the demand for AMA will rise as more users participate in the selling and purchasing of gift cards on Amaten exchange. The borderless nature of blockchain will allow Amaten network to grow into new geographies and gift card applications, which will in turn further expand the token’s utility.

Allocations

In total, 500 million AMA at a price of 0.04 $ will be minted in the initial launch of AMA and they will be distributed according to the following ratio:

%	Amount (AMA)	Allocation to
5%	5 000 000	Seed Round
25%	125 000 000	Direct Listing
15%	75 000 000	Technology Development
15%	75 000 000	Marketing
20%	100 000 000	Team and Advisors
20%	120 000 000	Reserve

Funds raised through a direct listing and other efforts will be used in the following ways.

- Upgrading the Amaten digital infrastructures and conducting system upgrades to deliver fully functional blockchain gift card marketplace
- Recruiting and training developers and general employees to manage and maintain the high quality customer service to the users
- 15 % of the funds will be used to continuously promote Amaten through global marketing, branding, PR and various business development efforts.
- 20 % of the fund will be kept in reserve by the foundation in case of emergencies unexpected situations

Direct Listing

AMA will be first available for public purchase Direct Listing hosted by an Bithumb Global. The entire process will follow rules and regulations outlined by the legal experts of that particular Exchange.

AMA Utility and Value

AMA can be used to trade gift cards and other digital assets on the Amaten network. AMA is the primary currency that can be used for, but not limited to, the following actions.

- Selling or purchasing gift cards by individuals
- Paying for the transaction fees by individuals
- For gift card issuing companies, staking AMA to be verified by Amaten and issue gift cards on Amaten network
- Paying for any other fees

While it will be possible to also make the transactions using the protocol token ELF, using the AMA tokens would provide attractive discounts to the users. The amount of the discount will diminish over the years according to the following table.

Year	1st year	2nd year	3rd year	4th year	5th year
Discount rate	30%	20%	10%	5%	0%

AMA Quarterly Burn

Depending on the circulation and trade volume, appropriate amount of AMA will be burnt every quarter until only 50% of the total volume remains. The total time to reach 50% initial volume will be adjusted accordingly to the market fluctuations. Eventually, 250 Million (50% of the total 500 Million) AMA will be left in circulation.

AMA Vesting Period

For the 75% of the total volume that is not released through direct listing, the following vesting period is applied for all participating entities. All AMA tokens will be released for circulation by the end of the 5th half from launch.

Half	1st half	2nd half	3rd half	4th half	5th half
Release	20%	20%	20%	20%	20%

The Amaten DAPP on the Aelf blockchain

Amaten is established with the vision to disrupt the giant global gift card business. Therefore it is of utmost importance to build the ecosystem based on the most flexible, advanced and secure blockchain. Amaten has chosen Aelf blockchain as the fundamental blockchain protocol to realize the full potential.

A few innovative functions that Aelf will enable for Amaten DAPP includes:

1. Deploying Amaten on its dedicated side chain - Amaten sidechain within Aelf ecosystem. In this case, Amaten has secured computational and network resources, guaranteeing its performance for increasing users. Other DAPPs will not interfere with the performance of Amaten, preventing jamming cases like Crypto Kitties on Ethereum.
2. Enabling over 10,000 transactions per second for future business expansion - With unique parallel processing and cluster node features, Aelf has pushed the boundaries of blockchain performance compared to Ethereum, EOS and other public blockchains. The transaction speed is sufficient for Amaten to serve users from all parts of the world
3. Developing new features in a convenient and secure manner - Dapps need to evolve to better serve users and merchants. Aelf provides an abundance of development tools and debugging tools that will help Amaten team and also contributing developers to easily design the features that they desire.

The Aelf development team has also been engaged with Amaten team to provide guidance and support in the design and development.

Gift Card Tokens

Gift card tokens are a form of sub-token that can be created on the Amaten blockchain. These gift card tokens must meet certain minimum coding requirements, and must fulfil several basic functions to meet Aelf Contract Standard-2 (ACS2).

```
    function totalSupply() public constant returns (uint);
    function balanceOf(address tokenOwner) public constant returns (uint balance);
    function allowance(address tokenOwner, address spender) public constant returns (uint
remaining);
    function transfer(address to, uint tokens) public returns (bool success);
    function approve(address spender, uint tokens) public returns (bool success);
    function transferFrom(address from, address to, uint tokens) public returns (bool success);

    event Transfer(address indexed from, address indexed to, uint tokens);
    event Approval(address indexed tokenOwner, address indexed spender, uint tokens);
```

Plus the gift card sub-token standard also has parameters for:

- Face Value
- Name
- Base Currency or currencies
- Expiry Date

Merchants will be able to easily create new gift card issuances via website interfaces that allows them to customize their parameters and pay the necessary creation fees. This website interface will be created and hosted by Amaten and will interact directly with new smart contracts to be deployed on the blockchain.

All Amaten sub-tokens that meet the requirements for the gift card standard can be listed on the Amaten exchange, but this will be at the sole discretion of Amaten. Anyone who can pay the creation fees can in theory create and deploy their own smart contracts and gift cards on the Amaten blockchain, but they will not be listed on Amaten's exchange unless they come from verified merchants and the merchants themselves meet a minimum set of reporting and issuance requirements.

Amaten's Proprietary Merchant Software

Amaten will create custom made software for merchants to utilize to easily and seamlessly integrate with the Amaten Chain. This software will have several key functions in the Amaten ecosystem and make it far easier for merchants to utilize and interact with the Amaten Chain.

The software will be able to collect data from the Amaten Chain powered by Aelf , via (for example) watching and recording all incoming transactions to specific merchant burn-wallets, and then record this in a centralized database in a format that is more easily usable by the merchant. The merchant can then integrate this database via API with their existing customer databases. This means that any customers that have associated blockchain wallet addresses with their accounts will be credited when they redeem their gift card tokens and send them to the merchant's burn wallets. Any customer that redeemed tokens before "claiming" or associating their wallet addresses with their accounts would only be credited after associating those wallet addresses. The Amaten wallet will support all sub-token formats, therefore once the token is sent to the user's designated Amaten wallet, the sub-tokens will be displayed and stored accordingly.

Because the software can integrate with merchant's existing infrastructure, it means that the Amaten Chain will be more accessible, merchants have lower set up costs and it is easier for merchants to manage user redemptions.

Merchants will also be able to use the Amaten software as an all-in-one solution, and therefore will not need any database integrations. The Amaten merchant software will be the only database of users that the merchant uses. In this case, the merchant can integrate the database directly with their website (e.g via phpMyAdmin or mysql integrated with the website backend). This means that not only would Amaten's merchant software solves the problem of merchants integrating with the blockchain, but it would also provide merchants a solution for managing their entire gift card program. Even traditional e-gift card programmes could be managed using Amaten's merchant software – in parallel with a new Amaten Chain gift card programme.

Amaten User Apps and Wallets

User Interface and Front End

Users will be able to add contacts or friends on the Amaten app. This means that if users want to gift or send gift cards to other users on their friends list they can do so very easily. For this to work, users need to associate their friends with wallet addresses on the app – this can be done with QR codes to make this process easier.

Users are able to create pending transactions, so that they can specify dates and times for future transactions to occur. For example, if a friend on my contacts list has a birthday in 3 days and I want to send them a gift card on that day, I can create a pending transaction that will send them a gift card in 3 days.

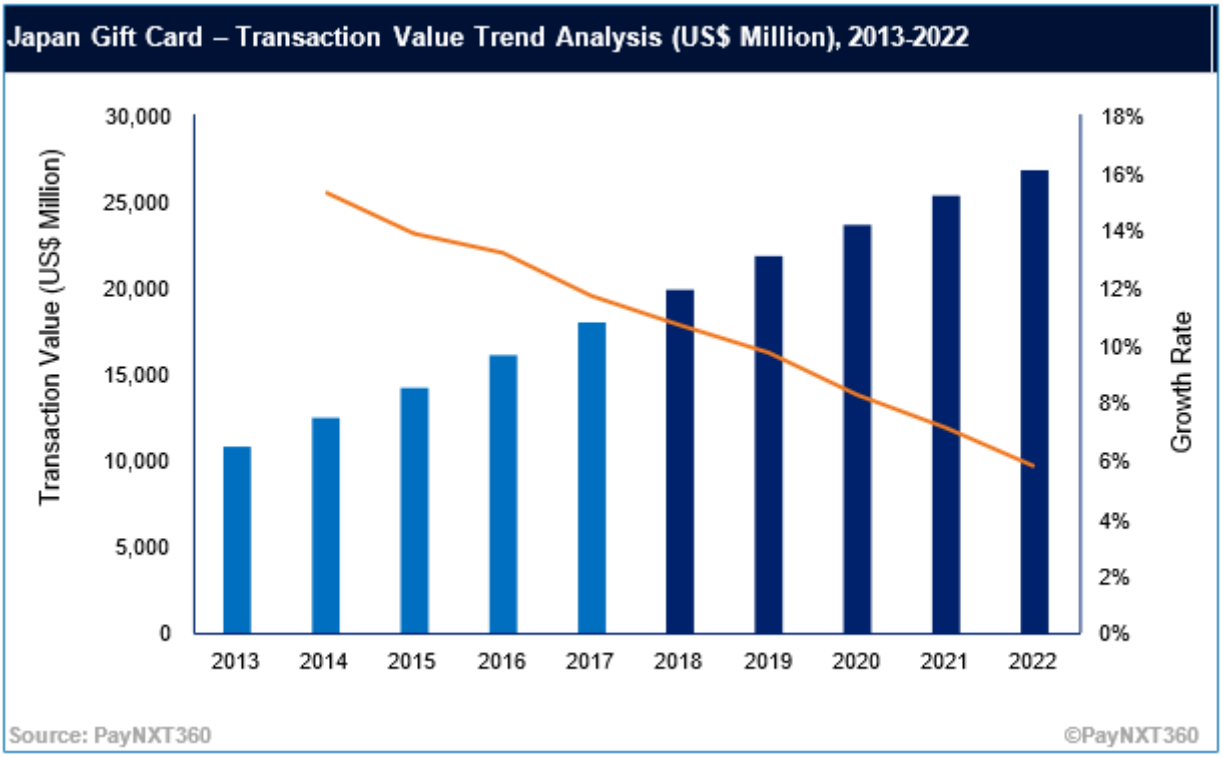
The app will be seamlessly integrated with the Amaten exchange so that users can link their Amaten wallet addresses with the Amaten exchange. This means that users can have the option to instantly buy and sell gift cards – in USD, JPY, BTC, ETH or AMAs (they can choose themselves). The users are able to see their balances on the Amaten exchange and they are also able to make trades using the Amaten app/wallet.

Users will also be able to associate their wallet addresses with their merchant accounts easily. This means if I create a new wallet address/account on the Amaten app, I can click a button and it will take me to the merchant's website. I then have the option to login to my account with that merchant, and once I am logged in it has now associated that wallet address with my merchant account. How many different wallet addresses can be associated per account is up to the merchant.

Web Versions

There will be a web implementations of the Amaten app/wallet, like Amaten's own version of "myetherwallet". This means that there is always an online alternative for users wishing to access their wallets when on their computers.

A General Overview of Gift Cards in Japan



The worldwide Gift card industry generates over $585bn in transaction volume each year. In japan, it is a very popular way of gift giving. The size of the industry was $17.9Bn in 2017, and it is predicted to grow to $26.7Bn by 2022. Gift cards gives the option and freedom for the receiver to choose the products or services they want to purchase. By selling gift cards, merchants can essentially pre-sell their inventory or services, and get revenue today in exchange for promising to uphold the redemption of gift cards in the future. It is also a great tool for business: receiving a gift card leads to greater spending than when an equivalent cash gift is received. CEB recorded that 65% of consumers would spend 38% more than the redeemable face value. Gift cards also influence consumer choice in terms of the products they purchase.

Below is a table showing Gift Card Transaction Value in Japan, and forecasts to 2022:

Japan Gift Card – Transaction Value Trend Analysis (US$ Million), 2013-2022						
	2013	2014	2015	2016	2017	CAGR 2013 – 2017
Transaction Value	10,828.0	12,483.4	14,213.3	16,087.8	17,968.8	13.50%
Growth Rate (%)		15.3%	13.9%	13.2%	11.7%	
	2018	2019	2020	2021	2022	CAGR 2018 – 2022
Transaction Value	19,888.0	21,823.2	23,626.2	25,308.6	26,771.4	7.71%
Growth Rate (%)	10.7%	9.7%	8.3%	7.1%	5.8%	

Of the $17.9bn of annual gift card transaction value in Japan (2017), around $8bn is attributable to so-called “Open-Loop” gift cards (which are in general re-chargeable and can be redeemed at several different retail outlets or stores), and $9bn was “Closed-Loop” (gift cards that are redeemable only at one specific brand/store).

Competitive Analysis

Competition could be broadly classified into one of the following categories:

1. Existing secondary platforms that allow trading of gift cards
2. Existing large gift card issuers that may decide to develop their own blockchain based solution
3. Other blockchain based competitors
4. Services that allow redemption of crypto with real goods and services

Existing secondary gift card marketplaces

Currently, many online platforms exist which allow users to buy gift cards at a discounted rate, or allow users to sell their unwanted gift cards. Amaten in its current form is one of them, though the largest in Japan by market share.

However, these platforms all suffer mostly from the same problems:

Risk of fraud: Counterparty trust is a huge issue, since there is no way of verifying beforehand whether a gift card has been redeemed or not. Most platforms work around this issue by transacting directly with sellers, releasing payment once all checks have been conducted. This also allows them to command huge discounts. However, this discount is usually not passed on to buyers.

High spreads taken by the platform: As explained above, as platforms transact in principal capacity, they are able to profit from huge margins on each gift card sold, with even 40% not being a rare sight.

Slow and inefficient: Since buyers and sellers cannot transact directly, the ‘turnover’ time for a gift card moving from the seller to the end consumer for redemption is high. Moreover, it is a long process for

sellers of unwanted gift cards as they have to wait for appropriate verifications by a platform, and then it takes on average two further weeks to receive the funds.

Amaten 2.0 overcomes all these problems by facilitating direct, risk free and instant transactions between trading parties without the need for an intermediary. This has been explained in detail in earlier sections.

That being said, many of these platforms are highly in use and have strong penetration in their respective markets. Since some of them have already established strong customer loyalty and brand awareness, Amaten will have to be dynamic in its marketing approach to be successful in these markets.

Few prominent competitors are as follows:

USA: Card Cash, Gyft, Blackhawk Network (which owns Cardpool, Gift card mall, Cash Star), Wolfe LLC (which owns Gift Card Granny, Gift ya, Otto etc.)

UK: One 4 All Gift Card, Zeek

Philippines: Gifted (has partnerships with Philippines largest e-commerce website)

Others: Sure Gifts (Nigeria), Sellebrate (India), Zingoy (India), Gift Cards Wild (Canada)

Gift card issuers developing their own blockchain protocol solution

Even the largest gift card issuers suffer from fraud and inefficiency, as evidenced by the negative reviews on their platform. There is a risk that with their huge resources at hand, they could develop their own blockchain based solutions incorporating their gift cards as well as other processes. Amazon is already rumoured to be working on some blockchain based solutions, albeit for improving its worldwide operations.

This type of competition can be considered as low risk to Amaten for the following reasons:

Low probability of occurrence: Moving a gift card programme on to the blockchain requires huge investment of resources, which most issuers would not be able to justify given that this is not a key part of their business.

Constitute only a relatively small proportion of Amaten's target market: Amaten's vision is to create an efficient ecosystem for gift cards which would allow even the small businesses to issue their gift cards cost effectively. Amaten thus aims to target SMEs extensively and not limit itself to huge corporations.

Moreover, even the companies that plan on moving to the blockchain will be looking for a partner to outsource the development, which is also an opportunity that Amaten could grab.

Other blockchain based competitors

Amaten has a competitive advantage by already being an established player within the gift cards industry in Japan, and is already working its way towards the development of an all-encompassing,

blockchain based gift card ecosystem. However, there is a threat of a similar solution being developed and marketed to merchants before Amaten, and hence gaining serious first mover advantage.

Since the switching costs to merchants would be expected to be high once they have already adopted a blockchain based solution of a competitor, it would in essence become a very aggressive race to capture the market.

As of the time of writing, the only venture that comes close is Rouge Network, which recently ended its token sale. This venture will use the Ethereum blockchain to allow issuance of tickets and coupons, and does not target the gift card market specifically.

Its coupons side of business does have some similarities with Amaten, and Amaten should closely monitor their developments and stay ahead of the game.

A Service provider that would allow purchasing of real goods and services with crypto.

One of the target user groups for Amaten will be crypto rich individuals who are looking for ways to cash out their crypto for real world items.

Recently the first trading platform to offer direct withdrawal of crypto into e-gift cards was announced, which is a partnership between Coinbase and WeGift. This service will only be available to users in Europe and Australia.

This is one of the USP that Amaten aims to build upon, by facilitating consumers worldwide to be able to purchase gift cards of all kinds of stores using Fiat or Crypto.

If the We Gift platform expands and markets well, or other similar companies set up, then there is a possibility of close competition and cannibalisation of the market.

Amaten's Team

TOM KANAZAWA – CHAIRMAN

Very motivated IT entrepreneur and venture capitalist. Tom, at the age of 20 during the early days of the Japanese IT and Internet, founded one of the first mobile content provider startup in Japan in 1996. Again in 2007, with Mizuho Capital as an investor, Tom founded the first photo sharing content startup in Japan, which was later acquired by Janguru Corp.

A couple of years later, in 2010 joined IT VC firm 'Net Age' as managing partner. Finally, started the Amaten exchange in 2012.

KAZUYOSHI MATSUZAWA - MANAGING DIRECTOR

Graduated from Teikyo University in 2001 with a major in Science and Engineering, as a Programmer. Joined a Technology component manufacturer company where he was responsible for verifying the operation of semiconductor using EDA tools. Kazuyoshi developed and designed the automated flow for testing and quality verification. Later in 2007, he joined and IT company as a senior Programmer and developer. He oversaw business development content, search services, picture sharing services, animation, and also social games.

Head hunted to join Amaten in 2014, he was assigned to be the Chief Operation Officer. Kazuyoshi drove the rapid atomization of the exchange as well as the development of the proprietary platform.

He was promoted to Managing Director at the end of 2016.

MINORU MORISE – CHIEF MARKETING OFFICER

After graduating from the US in 2008, Minoru joined IT venture capital firm SEO where he was assigned to assist on marketing and website development and affiliate business. Minoru joined giant telecommunication firm Softbank in 2013, where he was assigned to maximize their revenue per advertising campaign and develop new service promotions. Head hunted by Tom, he eventually joined Amaten in 2015 as the Chief Marketing officer, taking care of all marketing assignments and customer service. Minoru played an important role in the tremendous growth of the business by multiplying the number of users, product offerings, and improving Amaten service and website organization.

NASSER M. TURKI - INTN'L OPERATION MANAGER

After Graduating with a bachelor's degree and an MBA from the US, Nasser established in 2010 a distribution food commodity within his family Group in the MENA region. He increased the selection of products as well getting rid of nonperforming product lines. Took over in 2013 the commercial real-estate side of the business and restructured it to better perform.

Having a big passion for Japan and seeing a big potential. he left the Family business to start consulting financial firm in 2015, to better bridge the gap between Dubai (the middle east) and Japan. At Tom's request in 2017, he joined to lead the development of the whole Amaten future group. Nasser speaks French, Arabic, English and Japanese fluently.

MASAKUNI KATO - CHIEF TECHNOLOGY OFFICER

After Upon graduation in 2000, Masakuni established a retail system development and ecommerce consulting solution business. Seeing the business grow rapidly he established Airs in 2003 as a software programming and development service provider. In 2006, he developed and released the very popular Blog search service "TagClick". The search engine was later in 2008 sold to large digital marketing provider Irep Co.

In 2014, he was assigned as chief engineer and project manager for the development of the proprietary software of the Amaten Exchange. Masakuni and his team were able to develop a very efficient and automatic matching platform specific to Gift cards that is able to handle thousands of transactions a day and unique APIs that connect to the 7 major Japanese banks. In parallel, Airs grew to be a web software provider for major Japanese blog services. It also specializes in SaaS system for e-commerce business, iPad application for musical instrument, and photo sharing apps.

YUSUKE SASAKI - SENIOR DEVELOPER

Yusuke was an engineer at the Japanese Self-defense Force: Central Air Force command until the age of 25, when he then embarked to work as a freelance software developer. He developed different software for clients using Sound Authorizing Tools, CAD, CAM software development, and FPD inspection apparatus software. In 2006, he was assigned to be the project manager for the development and implementation for optimization of engine vehicle design using AutoCAD plugin applications.

Yusuke joined AIRS in 2009, and has since been specialized in the development of SaaS Web system for e-commerce, Android or apple iOS apps, prevention and disaster information system, and EC Social network affiliate apps.

In 2015, he was assigned as the lead engineer and project manager for the Amaten digital exchange. Yusuke is currently working on TCP/UDP Sockets, WebSocket and mDNS developments.

KEN STUBOI– CHIEF TECHNOLOGY OFFICER (AMATEN 2.0)

Ken is a software engineer developer that is also a best seller author in Japan. He wrote several books on the subject of crypto currency and Ripple's XRP. He was number one on Amazon's list for 12 weeks in a row. He is nicknamed "Mr. Ripple" for being the first Japanese that represented and promoted XRP in Japan. He also manages 7 full XRP matching servers. Ken worked for the Softbank Group before setting up his own software development firm. In 2014, he launched the first Japanese multi crypto currency exchange, which was the second exchange ever launched in Japan. Ken has also developed its own niche Wallet specific technology that has over 40 000 users in Japan.

Ken also specializes in smart contract development, smartphone OS user interface, exchange platform matching engines, electronic payment encryption, and terminal authentication systems. He has been chosen to be Amaten's main technology partner for the development of Amaten's blockchain's protocol and the gift card's exchange platform.

HITOSHI YUNOKI- ENGINEER PROJECT MANAGER (AMATEN 2.0)

Hitoshi has been programming since the age of 3, when his father gave him his first Casio board computer. In junior high school, after learning coding on his own, he developed his own e-learning project. Later, he graduated from the University with a Major in control system engineering for automated robots. Hitoshi worked for a robotic manufacturer firm and then later on joined another IT firm he developed social online multiplayer games. He was head hunted by Ken to join Tokyo Gateway in 2015. Since, Hitoshi has already developed several blockchain projects, in addition to platform matching

engines and smart contracts. He has also been chosen by the local government of Tokyo to help to create “neighborhood” local crypto currencies to promote local cities.

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