



# FANSHIP WORLD

**WHITE PAPER**

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# Fanship: A New Platform for Fan Engagement

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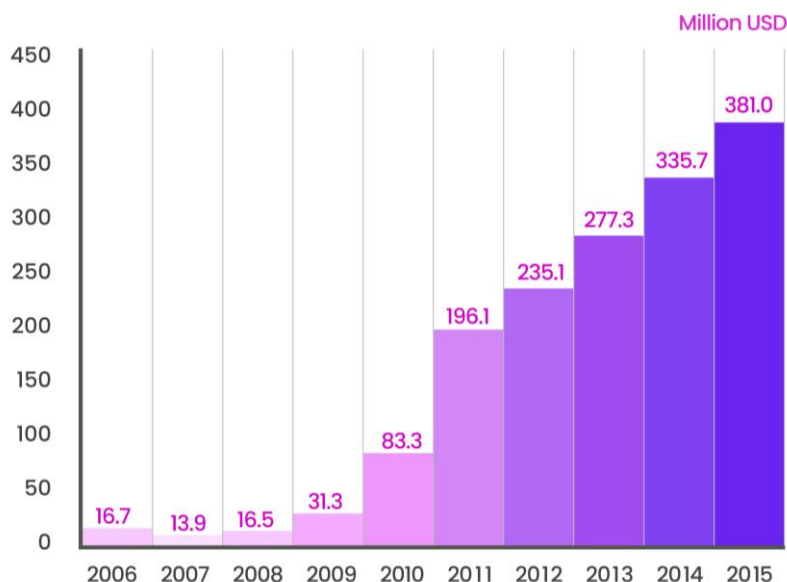
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**Abstract.** Fanship is a next-generation platform focused on providing fans better methods to engage with their favorite celebrities. Fans may use the platform's services to actively influence and participate in the success of artists while receiving rewards for their loyalty and engagement. These services will be powered by a blockchain back-end that utilizes the Fanship token (XFS). Fans will be able to exchange XFS tokens to acquire IP rights, purchase merchandise, participate in voting events, and curate new artists. The advent of blockchain technology allows these interactions to happen in a fair and transparent manner, properties that were not possible in legacy systems. This allows the Fanship platform to give power back to the fans, starting in the largely centralized K-pop industry, before expanding to other sectors of the entertainment industry worldwide.

## 1. Evolution of K-POP Fandom

The Korean pop music (K-pop) industry has experienced explosive growth in recent years. South Korea's Ministry of Foreign Affairs announced that the number of K-pop fans worldwide surpassed 35 million in 2016, growing 60% from 2014 [1]. Other sources estimate that the number of global K-pop fans has reached 300 million in 2018 [2]. Furthermore, the Korea Creative Content Agency estimated the K-pop industry to be worth \$4.7 billion USD [3]. The proliferation of the genre has been enhanced by the Korean government's former backing of the cultural exporting of K-pop via the "Hallyu-wave" movement [4]. As Korea continues to develop a more prominent role in international markets, the demand for K-pop will naturally increase. Not only did the immense profit potential and Korean government's endorsement play a part in the growth of K-pop, millions of enthusiastic fans dedicated to their favorite stars and their network effects contributed to K-pop as we know it today.

### THE KOREAN MUSIC INDUSTRY



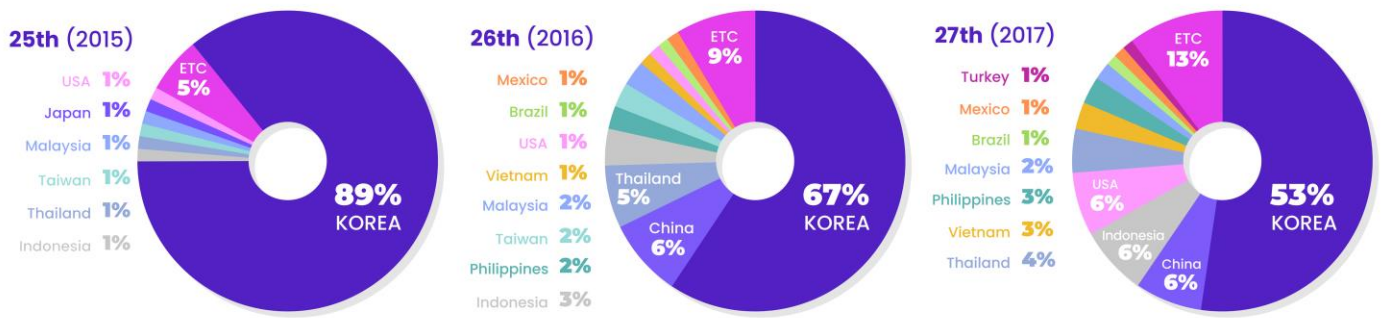
The K-pop industry has historically been one of the most difficult industries for foreign direct investment and market penetration. A myriad of factors has led to this, from the turbulent political history of South Korea leading to top-down control of capital investment to unique cultural intricacies involving ranking of inner-circles and a discouragement of deviations from the norm [5]. The advent of the internet opened the country and its industry to the world, leading to the international popularity of K-pop. The first K-pop fandoms took full advantage of this and hoarded their resources and special information in structured ranking systems that prevented access from foreign fans. Social media services mixed with blockchain technology have started a new global sharing economy, where the spread of information is incentivized and benefits all parties involved. Fanship aims to be the first of a new generation of fandom platforms.

K-pop fans have long since called for a new method of sharing their passion with one another. Current services do not allow for an all-in-one solution to the many aspects of a fandom. Fans need a platform where they are able to engage with celebrities and be incentivized to do so. A fan's engagement on Fanship can provide verifiable benefits for their favorite stars such as reputations, rankings, awards, and revenue. A common complaint among users of legacy fandom platforms is that the centralized corporations that run them may have a bias. Fanship resolves this problem by utilizing blockchain technology to provide a transparent backend, so fans know their actions are going to the correct place and results cannot be manipulated. Through Fanship's innovative model, fans will be able to play a direct role in the debuting and the formation of new groups, a process formerly held in monopoly by entertainment industries that curate stars instead of using an organic growth model. Fanship's platform allows for the sharing of every K-pop fan's passion in a way that was not possible before blockchain technology.

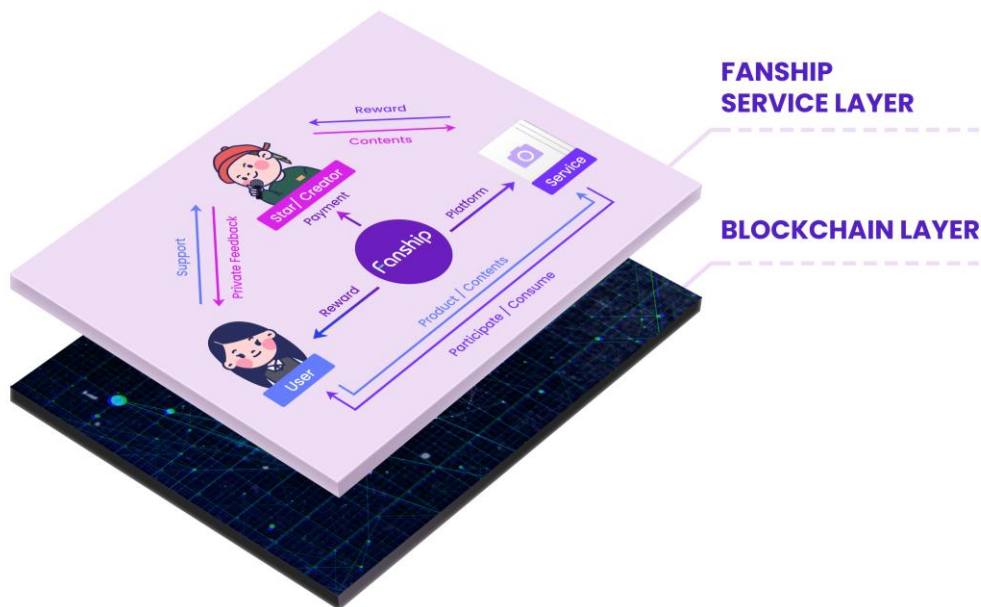
Current K-POP fans want more than sharing information about stars and participating in concerts or fan meetings. They want their diverse activities to make very real gains for their favorite stars, such as giving them a reputation, raising their music chart rankings, getting awards at an awards ceremony, or distributing revenue more. Thus, fandom is very organized and acts as a donor in the name of a star or a strategic participant in an awards ceremony. In addition, we expect to be able to distribute income to stars through album purchase and various MD purchase. If fans complain about these fandom activities, it is about trust. Fans are skeptical about whether their voting or buying activities are fairly reflected in the interests of stars. In fact, in the case of voting services, there are numerous protest calls and comments due to concerns that the results could be manipulated. In addition, it is a reality that misconceptions and complaints are widespread that the organizers are not distributing the profits fairly to their stars. This is why the emergence of a platform that solves the problem of 'lack of trust' is required.

Furthermore, fandom wants to intervene in the upbringing and debut process of the star, which was a unique area of the agency. Many fans in the TV audition program that created "Wanna One" participated in the competition for many weeks with enthusiastic voting. Not only was the winning team "Wanna One" determined by the fans' hands so popular, but also the fandom was formed in the participants who were eliminated. These fandoms have created a new team with the dropouts and helped them to become active, thus creating an entirely new structure of idol groups such as JBJ.

Through this process, we found new problems. When each agency has a different idol group, it is necessary to establish a new business model for how to deal with contracts and how to build up relationships with fandom. Therefore, with the need for 'trust enhancement', a platform is needed to support new business models between fan, star, and subsidiaries formed through the direct relationship between fan and star that have not existed so far.



## 2. New Fandom Platform



The new Fandom platform will be pioneered by FanShip World. Blockchain technology allows for the creation of several new economic systems and solves the existing lack of trust between parties. Therefore we introduce a new business model, directly between fandoms and stars, via the use of smart-contracts. Our platform will use a graphical user interface (GUI) to simplify user interactions with the technology. Actions taken on the platform will be stored by FanShip World until a user wants to withdraw their tokens. This provides a trusted settlement process while retaining the blockchain's benefits of accurate record keeping, transparency, and accountability. This opens up the possibility for entirely new business models, allowing for complete trust, less need for infrastructure, and an improved efficiency of standard business processes.

K-pop will be the first market on the FanShip platform due to its traits and history; however, FanShip's goal is to expand to all facets of the world's forecasted \$40 billion music entertainment industry [6]. The majority of K-pop fans are in their early teens to their early twenties, a population arguably most open to adopting new technology and disruptive innovations. South Korea is also recognized worldwide for its rapid adoption of technologies, boasting one of the world's most prevalent WiFi coverage areas, NFC and credit cards as payment methods, and one of the highest rates of cell-phone usage. The South Korean business environment makes it an ideal market for introducing a highly disruptive technological model. Much of South Korea's rapid economic development occurred due to planned economic policies, this had the side effect of consolidating power to a few centralized mega-corporations, commonly known as chaebols [7].

This business culture created a top-down curated entertainment industry headed by a few agencies, where artists are not organically grown but instead are more likely to be scouted by entertainment agencies and groomed for their roles from an early age. These factors, have led to a prime environment for a platform such as Fanship to come in and allow for the organic rise of artists supported by the fans themselves, not corporate agencies.

Fanship aims to gain a foothold in the Korean market via leveraging several strategies. Mutually beneficial partnerships will be signed with entertainment companies and artists, creating a win-win situation for all parties involved. Funds or tokens may be used in order to incentivize the signing of IP rights and other beneficial arrangements with K-pop idols, groups, and management agencies. In addition, Fanship's resources may be used to secure funding or ownership of new organic groups that the community may find. Fanship also plans on securing the rights to host official fandoms on the platform, a previous point of contention and one of many that will be alleviated via the use of the Fanship platform and blockchain technology.

### 3. FANS Coin Utilization

XFS tokens will be a unit of account, measuring a fan's stake in the platform and their supported stars. The value of XFS against other units of value may increase or decrease based on supply and demand. The utility of XFS tokens comes from the ecosystem of Fanship's services that require the use of XFS. XFS may be used for but is not limited to the following functions:

#### Voting

K-pop fans are active in voting contests for various offline awards, song rankings, and TV audition programs. Millions of fans cast their votes through applications and websites for events such as the Seoul Music Awards festival, the Melon Awards, and the Golden Disk. The number of fans participating in these votes has increased by more than 20% each year for the past three years. Additionally, the overseas fan demographic has seen remarkably unprecedented growth, representing 10% of the total vote in 2015 and 47% in 2017 <Internal sourcing, From a Sport Seoul account on Google Play>.

Not all users have equal access to online pay-for-votes and other voting schemes. Fans not located in South Korea often have the most difficulty using traditional voting methods which were designed for the South Korean market and often utilize the Korean Won currency. Fanship will be the first platform of its kind to open the K-pop market and its fandoms to a larger global audience that allows participation from all fans. Due to blockchain's decentralized properties, the results of each vote can be audited by each individual party involved in the process, removing the possibility of corruption, and giving each user a fair voice, regardless of location.

Voting can be used to create a fair event proposal system. In this system, members of the community or stars themselves will be able to submit calls for action, which can be used to crowdfund donation campaigns, charity events, concerts, and other community-led events. The community can vote to elect management of community pools which can be allocated to special concerts or for fan meetups. All these agreements become possible with the transparent movement of funds and voting results.

## KPOP Commerce

The Fanship platform will function as a marketplace for artists and other parties to buy and sell relevant content. Initially, Fanship will launch with the capability to purchase audio files and digital one-of-a-kind assets via XFS tokens. These files and assets can be bought and sold on the Fanship platform. The payments can be verifiably sent to artists and the owners, and be distributed fairly to all parties involved in the value chain of the asset. In a future rendition of Fanship, music can be paid for via micropayment streaming. This new business model of revenue distribution will bring opportunities to many underpaid musicians. Instead of having to sign with major record labels, they can now be funded directly by their fans, allowing for a more organic growth of talent.

[Star Shops](#) can be set-up by artists and community influencers where they can put their products and special services on sale. A Star Shop can be thought of as a digital storefront, where featured items are put on display on the main Star Shop section of the Fanship platform. The owners of the Star Shop will handle the distribution of their products and services, the Fanship platform will serve as the decentralized payment infrastructure. This allows for higher profit margins of physical goods and ensures that digital goods are not counterfeited while simultaneously lowering the barriers of participating in the market by consumers.

Alternatively, Stars will be able to open courses in the [Star Academy](#), where they can teach their talents and skills to fans. These courses and other community created courses can be paid for in XFS. Fans worldwide, regardless of location, will be able to pay for these courses to learn songs, dances, and performances, and any other service the celebrities can provide for them. Fans will also have the opportunity to earn XFS rewards by completing quizzes and other gamified microtasks created by the community and the stars themselves. These services will contribute to a liquid economy within the Fanship platform, expanding the utility of XFS tokens.

Fans will be able to purchase tickets to [Events and Concerts](#) via the XFS token, both on-platform and at the door via QR scanning or NFC technology. In order to encourage adoption of the Fanship platform, tickets may be bought with fiat currencies and the purchaser may receive a set amount of the purchase back in XFS, similar to a rewards points program. For example, every 5th ticket purchased can come with a bonus XFS package, along with a set XFS refund amount. These incentive schemes are optional and can be set-up by the issuers of the event tickets and stakeholders in the Fanship platform.

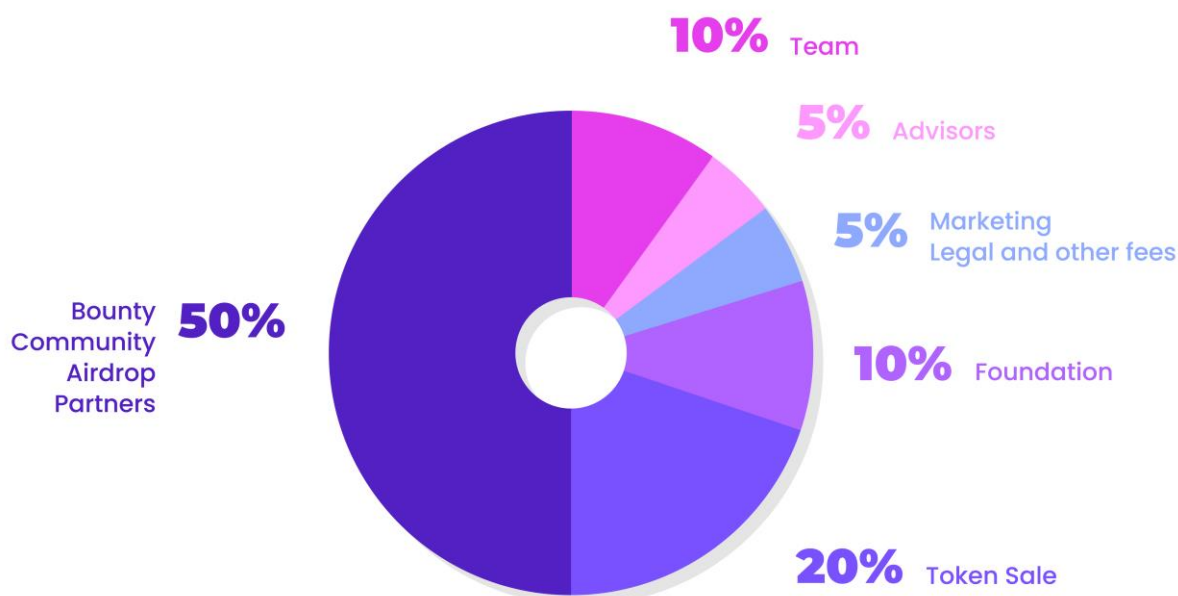
The nature of XFS also allows for a [Payment System](#), that allows fans to send small amounts of XFS as a tip. Aspiring musicians who busk may now be able to be tipped small amounts of XFS via setting up a QR code sign, instead of relying solely on small bills and coins. Fans don't want to pay in fiat currencies to listen to a song but do not mind tipping small amounts, a common feature of other digital currencies, but not yet widespread throughout the music industry. Previously, this could not be done because of the large percentage of fees middle-men took from the transaction process. The utilization of blockchain technology on the Fanship platform allows for the opening of several new economic avenues, bringing prosperity to artists and fans alike.

## Crowdfunding

Voting and commerce intersect to create a new and exciting business model with XFS tokens. This system allows for the organic growth of entertainment, instead of curation from media agencies. Crowdfunding gives fans the ability to vote and provide support with their tokens to have new content developed the way they want. For example, independent artists that debut on the Fanship platform may raise money by pre-selling song IP or merchandising and advertising rights.

## 4. Fanship Tokens

### Token Distribution



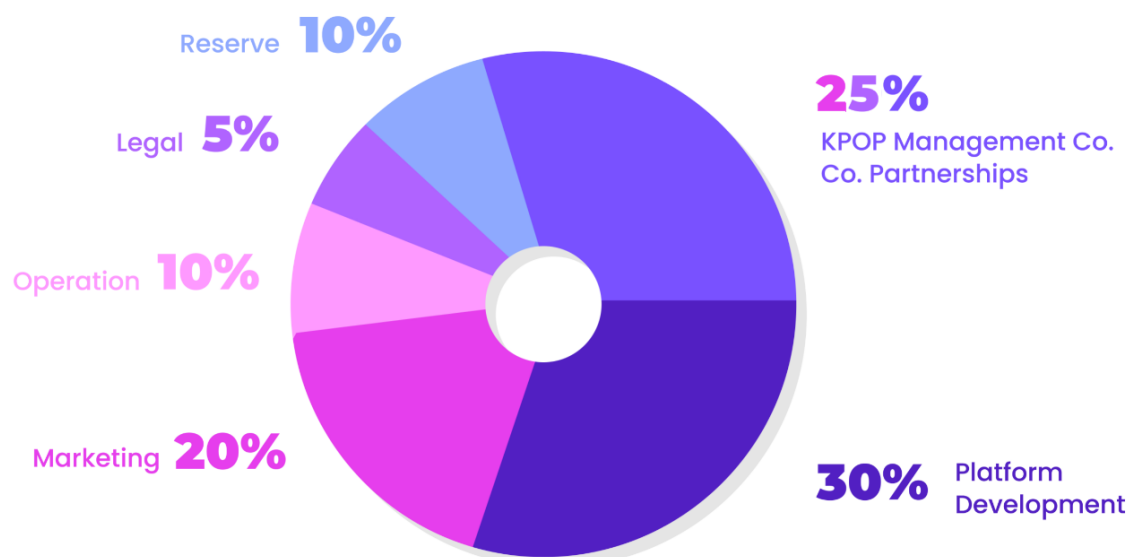
### Bounties, Community, Airdrop, and Partners

The use of these tokens will be distributed as incentives to service providers, the community, or partners. A general rule for distributing these tokens is that the expected value of the distribution is greater than the dilution from the tokens in the market as determined by the foundation.

As an example, signing up a new celebrity or group to the platform may require some tokens as an incentive. As long as the value of the group to the platform is estimated to be greater than the cost of the tokens given to them, the foundation will push for that exchange. Using this method, the Fanship Platform will be able to continue to add new partners at all stages of success.

Another type of distribution is an airdrop. Giving \$10 or \$100 in tokens to new members is valuable to the Fanship Platform to build awareness, encourage use, and grow the community which will also encourage more partners to join.

## Fund Allocation



## Acquiring and Using Fanship Tokens

Initially, up to 20% of the tokens may be purchased from Fanship World in a private sale or via an exchange or broker at a cost of \$0.01 USD each until the launch of the platform or until sold out. Secondary markets or exchanges may also provide an alternative source for the acquisition of Fanship tokens. All legally acquired Fanship tokens will be accepted as a form of payment on the Fanship platform.

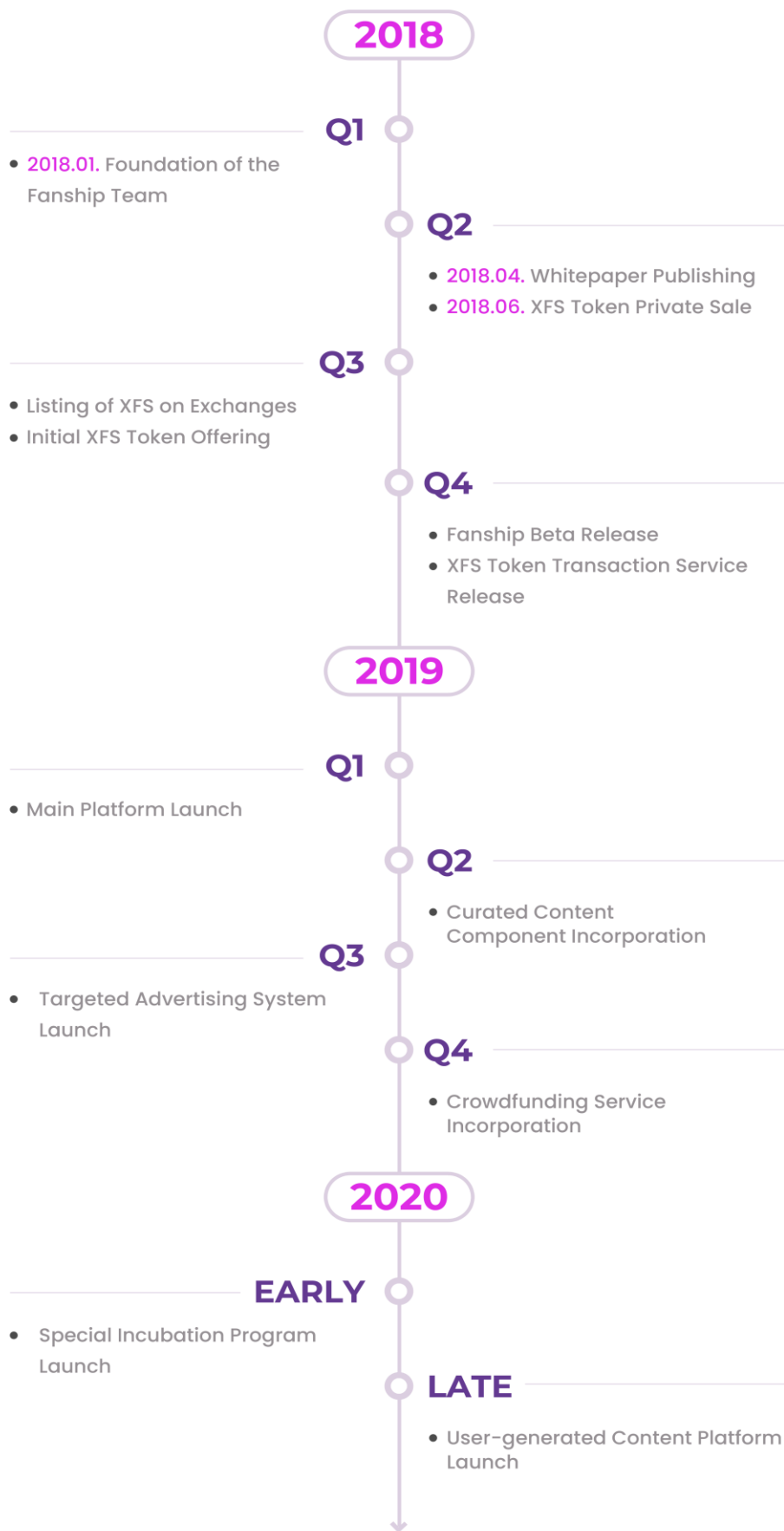
As the platform grows, the token's utility may also grow. A merchant on the Fanship platform may accept 100 tokens for an item today, but in the future, they may choose to accept only 10 tokens for that same item because the value of the Fanship token has increased while their cost has remained relatively constant.

Merchants on the Fanship platform may also provide special reward tiers and event access for holders of a specific number of tokens in your account, thus contributing to continued demand. For example, backstage event passes are extremely limited and may be made available to Fanship platform members with 1,000,000 tokens first, then to those with 100,000 tokens, and so forth and so on.

As Fanship tokens are consumed for goods and services on the platform, they will also be made available for repurchase at prevailing market rates or as determined by Fanship World



# 5. Roadmap



Roadmap will be updated regularly

## 6. Legal

A Fanship Token is a utility token by its nature; there are no restrictions to sell them to residents of any country unless the law of the buyer's country prohibits citizens of that country to buy digital assets of any kind. By purchasing Fanship Tokens, you agree that you are in compliance with your local laws.

## 7. Glossary of Terms

1. Blockchain – A technology used to achieve decentralized trust via distributed consensus
2. Buyer – A purchaser of Fanship Tokens
3. Celebrity – A well-recognized person
4. Tokens – A blockchain asset or unit of account in a smart contract
5. Coins – Another word commonly used for Tokens
6. Fandom – A community of like-minded fans
7. Fanship World – An offshore company set up to issue and manage the distribution and custody of Fanship Tokens and ensure the proper use of funds towards the development of the Fanship Platform.
8. Fanship Tokens – 'XFS' is a blockchain asset or smart contract with a fixed supply of 10 billion units, which are divisible to 8 decimal places.
9. K-pop – Korean Pop

## 8. References

- [1] <http://en.kf.or.kr/?menuno=3736>
- [2] <https://www.forbes.com/sites/emilyblake1/2018/04/04/k-pop-numbers/#ecd60c648abe>
- [3] <http://www.kocca.kr/cop/main.do>
- [4] <https://www.jstor.org/stable/10.5406/j.ctt18j8wkv>
- [5] [http://www.koreascience.or.kr/article/ArticleFullRecord.jsp?cn=OTNBBE\\_2013\\_v13n1\\_235](http://www.koreascience.or.kr/article/ArticleFullRecord.jsp?cn=OTNBBE_2013_v13n1_235)
- [6] <http://www.ifpi.org/downloads/GMR2017.pdf>
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