

BUSINESS PROPOSAL - Zillerium

By Trevor Oakley on 28 August 2017

Scope

This is a business level document. Technical details are kept to a minimum. There is a white paper at zillerium.com explaining technical details.

Problem we are solving

The supply chain consists of a series of value chains which all work via a combination of interdependence out of contract and within the terms of an actual contract.

The supply chain dynamics is governed by a supply demand curve as invented in 1972. If an operation falls outside the equilibrium point on the supply demand curve, the market will act to finally force either the consumer or the supplier from the market.

Regulation affects the curve by stopping a market demand. This is usually done for reasons of the public good which falls outside a market interest.

The supply chain has two key problems which causes serious problems:

1. Bullwhip effect.
2. Cash flow.

We are solving these two key issues by applying tokenisation methods as described in the solutions part of this document.

Bullwhip Effect

This is an effect in which manufacturer supply is too high or too low but rarely correct. The effect arises because the manufacturer is unaware of what goods are being sold in the supply chain and under what conditions. Therefore the manufacturer which makes minimum quantities of goods in a batch (eg one car cannot be made but a batch of cars) either has a surplus of goods or is unable to meet demand.

This is a serious effect which causes significant harm to the market.

Cash Flow

The payment of goods has several elements to it. Goods sold on a strictly cash basis have a risk for the buyer and also such trade limits the size of the market for the seller (ie credit allows expansion).

There are numerous financial services available to sellers such as discount invoicing and invoice factoring, trade insurance on credit accounts. These services usually require a good credit rating for the debtor and numerous sellers cannot get these solutions for potential buyers.

Cash flow also has a risk element if goods are damaged or not delivered. For trade buyers, the companies usually have the experience and connections to readily resolve these issues. For end consumers, they usually lack the skills to understand how to resolve issues regarding damaged or non-delivered goods.

Solution

We propose building an integrated platform which has the following features:

1. Product Catalogues created by content builders who are rewarded when their product details are used in a sales process.
2. Product deals (best deals) created by content builders who are rewarded when goods are sold.
3. Payment protection for the sale of goods to trade buyers and to consumers via insurance. Tokens will be used to transfer assets and an actual transfer of money (fiat or a cryptocurrency) when a condition in a smart contract is met (eg delivered).
4. Reputation building based on competitive advantage (product differentiation or cost advantage) as measured by the platform dynamics.
5. Insurance provided on a peer-to-peer basis which underwrites liability and then underwriters receive dividends.
6. Real-time accounting and invoicing.

We will describe these in more detail.

Product Catalogues

A catalogue entry will normally list a description, partnumber, internal parts, technical diagrams, photographs, and other details. This is very useful when specifying contracts.

For example when a hotel is built, the architects will specify lists of products. A global database of products would allow that to be simplified. Also people quoting for contracts could easily reference the catalogues.

There are many sectors which had poorly produced catalogues and catalogues are very complex in many sectors (eg industrial pumps). Therefore such a resource would be very valuable.

Content creators would be rewarded as the data is used.

Product Deals

Many goods are fungible but the prices vary wildly. Most sellers will use a method of attracting buyers with low prices for some items and then they will raise prices on others. There are also many more methods used, such as artificially raising prices and then discounting them to give 50% off (when in fact there is no discount).

What is important is that sellers are allowed to sell under their conditions in a shopify type of model. Sellers will often want their best deals highlighted but nothing else.

We will allow content creators, which could be sellers, to post their best deals and then link to their own site, or for the purchase to be completed at a Zillium based site.

Larger sellers, eg corporations, will want brand control. Hence they will not accept an ebay type of solution (for the reasons stated).

Smaller sellers would probably just use an ebay type of solution we could offer.

Therefore the product deals is a category of data which lists the best deals and rewards are made when this data is used (clicked under a PPC type of model or a complete purchase under an ebay type of model). Sellers would gain tokens for meeting market demand, ie having competitive advantage.

Trade Insurance

Under this arrangement goods would be insured based on a risk allocation as determined by a peer-to-peer insurance platform. Underwriters would contribute to a fund based on risks (eg product type, reputation of the seller), and this fund would cover any losses which occurred in the supply of the goods. The fund itself would be insured by conventional means to prevent fraud.

Underwriters would obtain a dividend.

Consumers would get the same level of consumer protection as is now given by paypal, ebay, and VISA.

As with the sale of goods, sellers who have a good history would earn tokens. Tokens can also be used for asset transfer in a legal sense to avoid taxes.

Reputation Building

Reputation would be earned according to trading history and performance on the platform. This would be used in insurance, and trust levels.

Accounting

Orders placed via the platform would not only be insured (as an option) but real time accounts would be available, ie as an invoice is raised then it would be logged and a ledger of the assets and liabilities continually updated.

This is what could be used to eliminate the bullwhip effect.

Summary

We propose solving inefficiencies in supply chain dynamics. These are seen mainly from the bullwhip effect, and cash flow limits.

We propose a system of tokenisation to reward content creators, sellers, and buyers to provide a global platform. Transactions would be insured by peer to peer solutions to compensate for the high risks in certain nations.

These solutions have a dramatic impact by design.