

freewatch.io – Revolutionizing Erotic
Live Streams

1. Introduction

The world is experiencing a time of innovation. As with most emerging innovations, for a significant time the general public remains unaware of them or, in case the innovation already starts to receive attention, the true meaning and potential remain unnoticed. Emerging technologies leave the stage of only *potential* life changers when they finally manage to be integrated in the lives of the people who may have a need for them.

An undoubtedly highly relevant innovation of the present time can be found in blockchain technology. With Bitcoin's history of strong price fluctuation, it has already received a certain amount of attention. It can, however, be said that most of this attention was directed towards the currency and investment opportunity, rather than the underlying system itself. The basic principles of innovations in general can also be applied to blockchain technology: At first developed to have certain functions and purposes, the new technology itself can experience new incremental innovations and changes, making it become even more relevant.

A sub-innovation to blockchain technology is to be seen in the Ethereum Network. It was conceived to bring improvements to the limitations of the then established system and in this way managed to become one of the most important blockchain-based platforms in the world. The most significant feature of the Ethereum platform is that it runs smart-contracts, which, as the Ethereum Foundation puts it, enables developers to create markets, store registries of debts or promises, move funds in accordance with instructions given long in the past (like a will or a futures contract) and many other things that have not been invented yet, all without a middle man or counterparty risk. The last part referring to "many other things that have not been invented yet" is where the most potential lies. At the present stage of innovation it is not clear what future uses of blockchain systems may be. In the early days of the Internet it was not foreseeable that one day people would be able to shop, pay, make travel arrangements and even have a free encyclopedia at their disposal online. In the same way blockchain technology has a long way to go, still holding a lot of unpredictable future uses and may very well become an omnipresent, life-changing technology.

2. The Idea

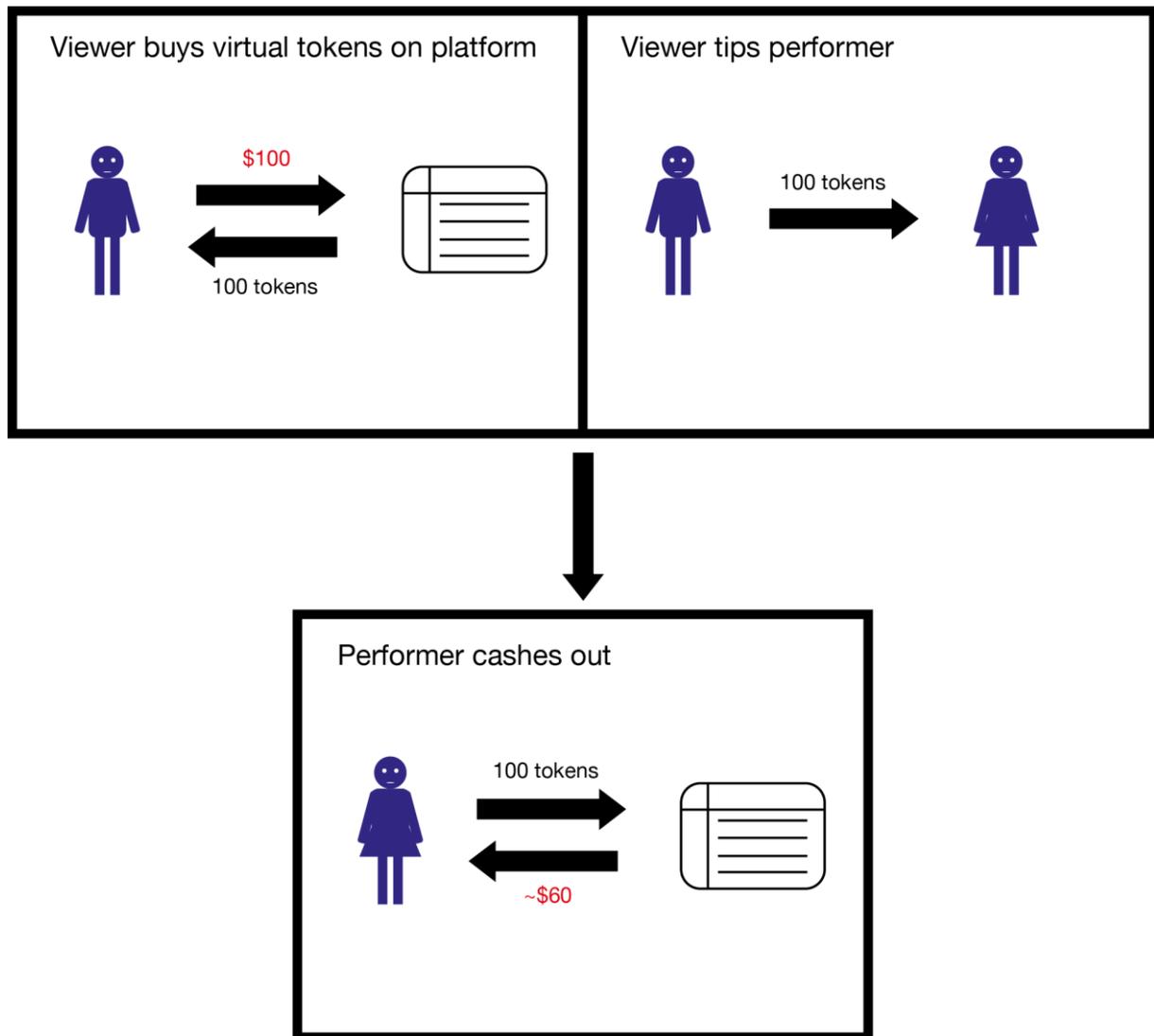
Blockchain-based systems have the capability to bring changes and effectiveness to established ones. A future-oriented approach is needed when looking for outdated and hence improvable systems and procedures. New concepts often times find their base in ideals, which can be seen with Bitcoin: Aspects like decentralization and freedom were and still are among the most fascinating basic principles that played a key role in making Bitcoin become such a popular cryptocurrency. Not only decentralization and freedom, but also higher cost effectiveness can often be the result of blockchain implementation. Many successful projects have already shown that payments via blockchain already raise cost effectiveness because of the blockchain structure itself: Every transaction on the blockchain has to be confirmed and generates minimal fees in comparison to common confirmation and auditing processes. In conclusion it can be said that blockchain-based systems are desirable in all cases in which things like decentralization, freedom, security, privacy and cost effectiveness play a role.

3. Identifying a Problem

When talking about cryptocurrencies in general we are talking about a form of digital currency that has value both inside as well as outside of the system it may have been designed for. A different type of digital currency can be seen in the virtual tokens used in present closed systems. In the world of erotic live webcam streaming there are multiple platforms to be found, many of which use a virtual form of payment with varying names such as “credits” or simply “tokens”.

Although in this day and age most readers will know what erotic webcam live streaming is and how it works, a brief explanation shall follow for those that might not be familiar with the subject: Erotic webcam live streaming, also known as webcam modeling, is a category of live streaming in which live performers, also known as models or camgirls / camboys, perform services of a sexual nature, which is why they can be considered as part of the sex industry. The webcam footage is usually streamed via web-based platforms, also called “cam sites”, on which viewers can watch and simultaneously chat with the performers. The provided services that typically feature nudity include all sorts of sexual activities, ranging from striptease and dirty talk to masturbation and sex. Generally the models perform certain acts in exchange for money, with the payments commonly referred to as “tipping”. The models either have a fix rate per minute (which is the case for private shows, where only a single or selected paying viewers are allowed to watch) or the tippers pay a certain amount to see a specific act without restrictions as to who else can watch.

As mentioned above, most established platforms handle these payments using virtual tokens. These tokens are issued by the platform itself to all viewers that wish to be able to tip performers. The virtual tokens can be bought at certain rates, sometimes with a bulk discount as an incentive to buy more. To make things simple, the following graphic shows how transactions on an adult webcam site usually work:



On these conventional platforms, viewers that want to buy virtual tokens to be able to tip performers have to buy them on the platform. The centralization aspect is obvious, since there is not a market for these tokens outside of the system. Furthermore, this cannot even be regarded as a “market” since whoever buys the virtual tokens is technically not able to sell them to someone else. It is also not possible to sell them back to the platform to get the paid money back. If a viewer buys tokens he can only “spend” them by tipping a model.

The example pictured above shows a common scenario. The careful observer has probably noticed the big difference between the amount of money paid by the viewer and the money the performer receives after cash-out. Although it is not possible to make a general statement (since every live webcam site has different terms), the percentage of money withheld can often be as high as 40 % – leading to a situation like the one illustrated above.

Erotic live webcam sites earn revenues by taking a large percentage of the money performers generate. The sites control the token sale as well as the cash-out process, which gives them the power to decide how much the issued tokens are worth at any time. The issue with this is that it goes against the interest of both tippers and models. Tippers that decide to buy a certain amount of virtual tokens do it because they wish to compensate the performers for

their services. It is their interest that the performers they tip obtain the actual amount of money they have factually spent. The models on the receiving end want to receive as much as the tippers are willing to spend, instead of a significantly smaller portion of that.

This centralized system leeches off the work done by the performers and indirectly off the work done by the paying viewers who actually spend their money to benefit their favorite performers and not the platform. It can be undoubtedly stated that those doing the work are the models and not the platform. While one could argue that for the site to exist and keep functioning some income is needed, the percentages of conventional and popular platforms are way too high for them to be acceptable.

At this point a question may arise: Why do people use these platforms despite the evident disadvantages? The answer from an economic point of view is rather simple: The popular sites in question offer an excellent place for performers to start working immediately without having to worry about marketing. It would be a technical and financial challenge for the average camgirl or camboy to try and attract a good amount of people to a new personal website. For viewers on the other hand it is really convenient to find a high number of performers to choose from on a single site. Platform providers have the traffic which gives them the upper hand. They know of their advantage, which enables them to impose high “fees” on their users.

Following this analysis it can be said that the current systems put their users at a disadvantage, taking large percentages of their earnings. The users cannot do anything but work under these conditions since there are no alternatives that will enable them to earn similar amounts of money. The financial aspect is linked to the centralization problem: There is no free market for virtual tokens and the only ones deciding the price are the platform providers. Closing the circle to what has been said in point number 2 of this white paper, it is clear that the system that has just been described is one of the previously mentioned outdated systems that could be greatly improved with the help of a blockchain-based solution.

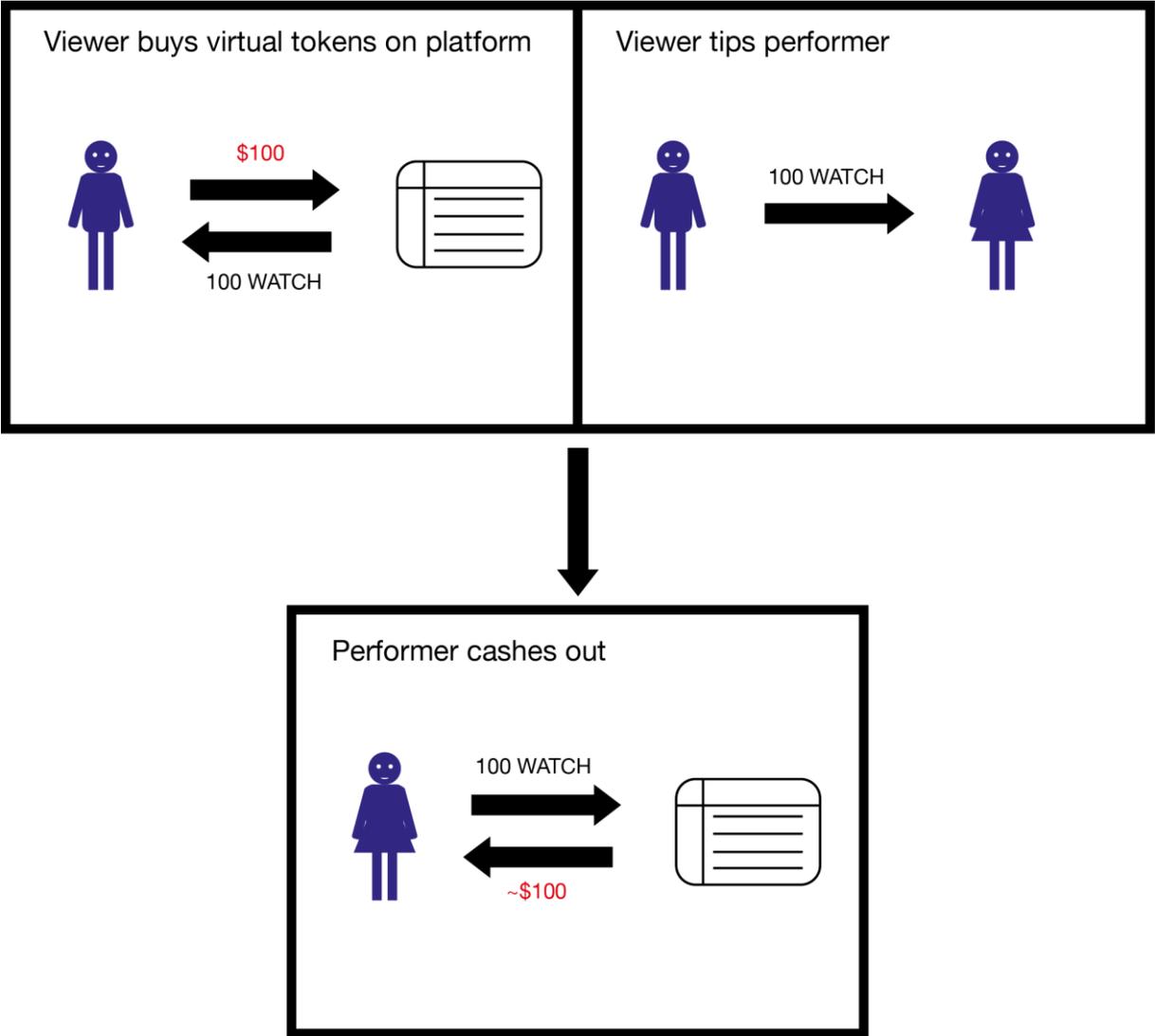
4. The Solution

After having identified the problem there now is a need for a solution. An alternative to current systems is needed to solve the issues described above. The purpose of this white paper is to present the solution. The answer to all mentioned problems is here – and it is called Freewatch Token (short: WATCH).

Freewatch Tokens are a new form of payment conceived to be used on a new erotic live webcam streaming platform – freewatch.io. On this new platform watchers will be able to tip their favorite performers by using WATCH as the currency. The process of tipping is similar to the one that other platforms use, but with a crucial difference. Freewatch Tokens are a decentralized form of payment with an independent value. This means that, unlike other platforms, freewatch.io will not make the token price. Instead, the free markets will decide how much Freewatch will be worth. A major difference to established systems is that in this case the platform cannot manipulate the token price and therefore WATCH bought by the viewers will be around the same value when the receiving performers decide to cash out.

The system will be based on principles that will ensure that the ones paying will see their tokens fully reach the recipients. At the same time the performers will actually receive the amount of money they worked for. The “tips” are to be seen as a form of payment for a provided service and it is only right and in both parties’ interest that the predetermined amount of money reaches the ones providing the service. Even though this fact is obvious, it does not seem to be regarded as such by the current established platform providers.

The following graphic shows how Freewatch Token transactions will work on the upcoming erotic webcam live streaming platform:



When comparing this graphic with the previous one (point number 3) a clear difference stands out:

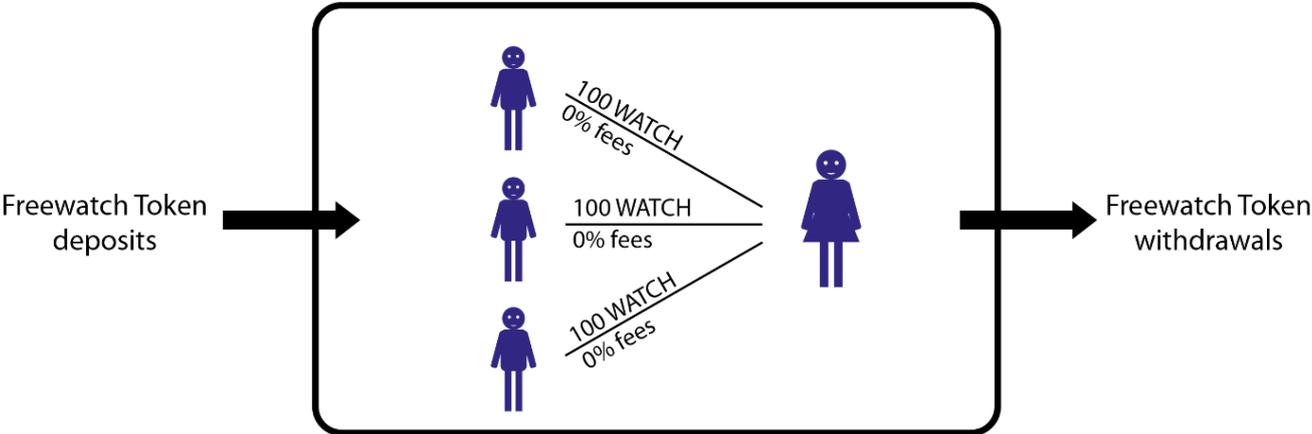
While the first graphic demonstrating a transaction example commonly found on established platform shows that the virtual tokens lose a lot of value from the point where the viewer cashes in to the moment when the performer cashes out, this second graphic shows that in a system with WATCH implementation the person cashing out does not have to renounce a high

amount of their earnings. Instead they receive around the same value that left the wallet of the person making the payment. This value stays the same when the market price of Freewatch Tokens does not change. One could say that if the market should face a period of recession resulting in a lower market price, the value from the time the tokens are bought to the time they are sold would go down – but this argument could be brought up for all cryptocurrencies, which is why it cannot be seen as a relevant disadvantage of this system. On the other hand the value of the tokens could go up, making up for the just mentioned perceived disadvantage. Freewatch.io will not only steadily grow, but also build a solid user base, bringing a constant demand for WATCH and lower price volatility as a result.

5. The Platform

Freewatch Tokens will be the currency of a new erotic webcam live streaming platform, where performers receive ~100% of each tip from viewers. The viewer will send tokens to the platform in advance, and once the deposit is confirmed they will be able to instantly tip their favorite performs with the click of a button. They will not have to worry about transaction fees if they are tipping on ten different occasions, nor will they have to worry about the transaction times for each tip since it will be instant. The main focus of freewatch.io is to make sure that performers receive their earnings, and not a small percentage of it like with other platforms. Also, to make the appearance of the platform seem more familiar to that of other platforms, the UI will not differ much from what users are used to, such that a typical user will not feel like the environment is too different from others they have experienced.

Freewatch Tokens are exchanged within the platform without incurring fees



The way this system works is as follows. When the viewer wishes to deposit WATCH into their account, a unique address is created for that specific occasion. They send WATCH to this address. The platform will then wait until it receives these tokens and then credit the user's account with them. The viewer can then freely tip a performer with their balance. If, however, a viewer would like to withdraw the funds they have put into their account, they may do so. For the performers, the process is also straightforward. The performer receives a tip, in which

their balance is updated. They then decide to withdraw, simply enter their address and click the withdraw button, and the tokens will be sent to their address.

Freewatch.io will not have an access fee, and so any user may sign up and watch performers free of charge, ensuring that the amount of money going towards tips for the performers is maximized. There are many possibilities to monetize high traffic on the platform in order to keep it running. One of these possibilities are ads, which, provided enough traffic to the site, could feasibly generate enough revenue to pay for maintenance costs. Another possibility would be to offer a paid premium membership with different privileges, such as the ability to view sneak peeks of ongoing private shows. Also, with the addition of ads, there is the possibility of coupling an ad-free experience with the premium package to increase its monetary value. Premium members would also be highlighted as such, so that they would enjoy a special status when interacting with performers.

It is important to know that while the tokens are being stored in a central location (the platform) they are still decentralized in the sense that the value of the token is determined by the market. It is also important to note that both the performers and viewers are in full control of the Freewatch Tokens in their account. Performers can withdraw their earnings whenever they please, and viewers can withdraw any amount of WATCH they have in their account.