



VILVIO
virtually vinyl

White Paper
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1. Introduction

VILVI is a unique platform for distributing music-based physical media and digital NFTs, with a marketplace for fans and collectors to buy and resell releases.

We work with artists, labels and distributors to generate extra revenue from unique sales that work alongside the existing physical media and digital streaming economies.

We are a team of music professionals, economists and programmers that want to see a sustainable music economy and have designed each VILVI to stand the test of time.

One Pager: [📄 Executive Summary - VILVI 1/12/21.docx](#)

Intro Slides: [📄 VILVI Slides \(Investment\) 1/12/2021](#)

Artist Slides: [📄 VILVI Artist Slides 29/12/2021](#)

2.

Music Media &

Vinyl Era

Relative scarcity meant that vinyl still holds a resale value even today

Tape Era

Decreased Marginal Costs in manufacturing means wider access to individualised music for collectors. Less scarcity, less resale value.

CD Era

Music became very accessible due to low manufacturing costs and digital file replication. Even less scarcity, even less resale value.

MP3 Era

Music became essentially free for most listeners. Limewire etc. Harder for indie artists to make money from releases, meaning live shows become the primary source of income. Zero scarcity, Zero resale value.

Streaming Era

Royalty payments are minuscule and not paid according to track listens on market leader Spotify, again sees independent artists getting the worst deals.

NFT Era

Still validates all other forms of distribution, but the emphasis on ownership and scarcity for this new media means that it benefits artists, listeners and investors.



About VILVI

3.

3.1 OVERVIEW

VILVI is a unique platform for distributing music-based physical music media and digital NFTs, with a marketplace for fans and collectors to buy and resell their work.

We work with artists, labels and distributors to generate extra revenue from unique sales that work alongside the existing physical media and digital streaming economies.

We are a team of music professionals, economists and programmers that want to see a sustainable music economy and have designed each VILVI to stand the test of time.

Vinyl & NFTs often look beautiful and are limited edition creations of the artist, just like Vinyl sleeves used to be. We want to bring back the level of artistry around music releases and the income possible for artists with this new technology.

Buying an NFT is an investment for fans in the artist and their future artistry. The file cannot be damaged as it's on the blockchain, making the vinyl or CD ultra-collectable. There is a similar incentive for investors to buy early work from musicians, just as we saw in the visual arts in 2021. We have also included some innovative defi fundraising mechanisms for artists and investors.

Buying an NFT allows the fans to have a collectable asset they can trade, so they can resell to other fans whilst also generating income for artists through a % of resale. This is the technical innovation that has only just become possible with real-world trading items on the blockchain.



3.2 ARTIST & FAN ON-BOARDING

Advantages to Artists

- Income in perpetuity; a percentage goes back to the artist for every resale.
- Accounting is done on the blockchain, meaning there is a reduced risk of an agent or label not being transparent.
- It lowers the financial barrier to entry for doing physical releases, which is especially good for music in developing countries and artists from disadvantaged backgrounds.

Advantages to Collectors & Fans

- Allows independent music to become more widely available with the relative scarcity
- Maintains resale value that's publicly viewable on the blockchain

3.3 CARDANO STAKE POOLS AS CASHFLOW MULTIPLIER (ISPO) INITIAL STAKE POOL OFFERING

Our core business model is built by launching from the Cardano ecosystem; running multiple stake pools on our servers allows our investors to see a maximal return rather than running one single one. This is because the weighted system of Cardano rewards disincentivising large investors. APR for this will be confirmed in phase 1.

Delegated Staked funds from our low-risk investors should see AT LEAST 12-15% APR return (TBC, which could be much higher), whilst our internal cash flow is boosted many times by running the nodes, with minimal risk. These pools will be incrementally available to the public when we need to raise more funds, giving us a secure future defi fundraising option rather than anything which might cause token price volatility at specific times, potentially disrupting scaling operations.



3.4 TOKENISING INVESTMENT IN RELEASES AND ROYALTIES (More Detail in Section 5)

VILVI Tokens have five utility dynamics to maximise opportunities for artists and investors.

We have designed the token utility to enhance the kind of crowdfunding model we have seen work successfully for artists producing independent physical releases.

1. Margin Lending for Interest
2. Staking Per Release for Royalties
3. Priority Access to Release Presales
4. Access to VILVI Metaverse
5. Voting in VILVI Grant Fund

3.5 THE COLLECTOR/INVESTOR LIFECYCLE

Collectors & Investors have previously been two very different categories of music enthusiasts.

Because we can keep track of resales and give a transaction fee back to the artists, it means that collectors are investing in the future of musicians in perpetuity, returning a percentage of every resale in the future. This solves the problem of musicians not having pension plans and often living in near poverty when they are old, which is a travesty.

Likewise, investors can see artists' potential in the longer term, with the incentive to buy up artists' early works as a speculative investment. This has been the norm in Dubstep, Reggae, specifically Japanese reggae collectors. We add the incentive to mitigate risk for royalties to be held as escrow to ensure the artist or label sells the release as promised.

We want to incentivise the investment market to select what music is worth investing in. Usually, large labels have a dedicated A&R department. In part, our approach could help decentralise the A&R process, just as musicians 'going viral' did in the 2010s, meaning that the crowd can get better music. Investors can see this opportunity to spot early movers in new sounds and new genres, and this will foster experimentation, innovation and quality.

Collectors will begin to view themselves as investors in music. And speculative investors will hopefully regard themselves as tastemakers, emphasising the music they like and think the market will like.

NFTs will be resaleable by collectors once the physical vinyl arrives via drop shipping to the buyer. This means that resale prices will not dive suddenly, as has been the norm on the launch of many NFT projects in 2020-2021.

Suitable for Fans, Artists and Investors. Everyone wins.

4. Technology

4.0 Stake Pool Technology

Staking Pool Review;

- ADA ISPO for Lower Risk Investors

The purpose of stake pool technology is to participate in the blockchain ecosystem and give benefits back to its investors. The public metrics for ADA stake pools assure that the VLV stake pool has an excellent opportunity to operate profitably for its delegated investors.

In addition to its simplicity of assembly, the Cardano platform's POS (Proof of Stake) consensus mechanism is up to 4 million times more energy efficient than Bitcoin. Which meets our CSR objectives, and any similar artist's mindset

Operational costs of hosting the stake pool will also be linked to an ethical supplier, such as google cloud, who offset their carbon emissions. Cardano is a third-generation cryptocurrency that solves the problem related to scalability and sustainability compared to many other layers of one blockchain.

The developer support documentation is here for more details <https://developers.cardano.org/>.

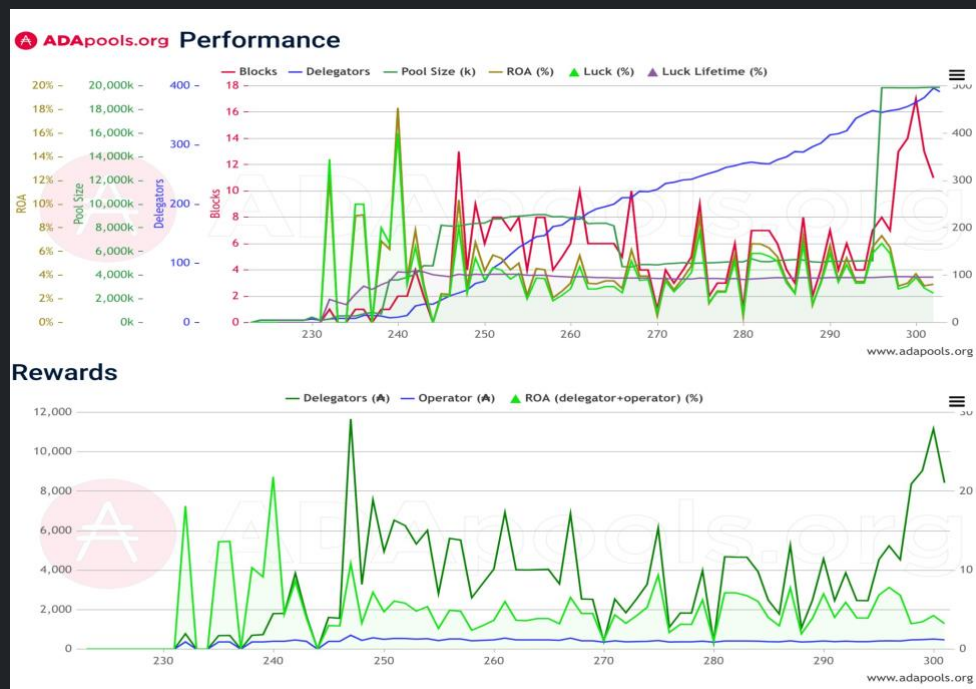


Fig 4.0 ADA stake pool performance profitability

4.1 Marketplace Technology

Having successfully tested this on second-generation cryptocurrencies with multi-chain support, the framework for the Marketplace is built on the MERN stack with a damp (decentralised application) layer approach. Other currency-specific features that appeal in this tech selection are ERC conversion tools to validate from the Ethereum network to help transition funds and contracts in the future.

In phase one, the multichain marketplace will offer minting, funding opportunities and tools for artists to connect to fans to crowd-funded (pre-sold) Hybrid NFT projects. The other aspect of the marketplace is offering Artists and Collectors a searchable UI by any criteria to enable a fan or collector to bid or purchase items and allow artists to resell collectable media or articles.

Picture Disk Vinyl has always attracted more value. We will adopt this culture by offering choices to skin the appearance of NFT in the collection on the Marketplace, particularly for common pressing number issues with high values.

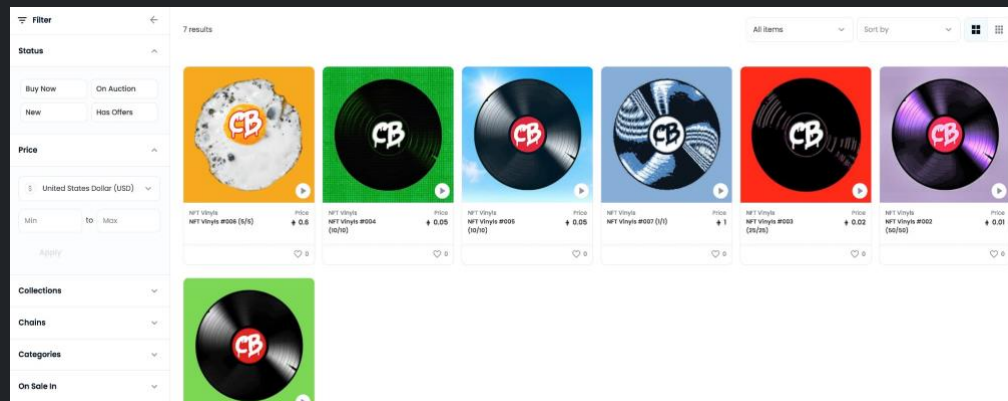


Fig 4.1 How a collection of NFT appears in the prototype Marketplace, currently in pre-alpha

4.2 3D UI Metaverse Technology

Just as Myspace allowed bands to have a webpage easily, we want to give bands their own customisable virtual spaces that operate with other metaverse systems and on any device; hence our choice of the Vurtly Engine, which is unique. This seems the fastest route to the available global market using 3D metaverse browser tech. The concept is being tested on the new open source.

Vurtly metaverse engine built on three js: <https://vurtly.com/>.

Mozilla Hubs is another Web 3.0 technology space that enables 3D Visualisation and customisable meeting spaces for collaboration and presentation of NFT and Music. <https://hubs.mozilla.com/> (using a cartoon stylistic) can be used for illustration until the entire engine is deployed. Digital Identity can be re-invented for each individual and space. In future iterations of the Vurtly integration, purchases and pre-sales from within these virtual spaces will be stored on the version blockchain such as Cardano.

5. VILVI Tokens

5.1 Utility Overview

VILVI Tokens have five utility dynamics to maximise opportunities for artists and investors.

We have designed the token utility to enhance the kind of crowdfunding model we have seen work successfully for artists producing independent physical releases.

5.2 Margin Lending Per Release for Investors

- Artists, presales and defi investors sequentially fund releases.
- Defi Investors could lend interest to an artist to secure manufacturing costs if the public presale fell short.
- VILVI holds the royalties in escrow until the loan has been repaid from sales, and should the loan not be refunded; the royalty rights are distributed to the investors.

5.3 Investing Per Release for Royalties (the model in development)

- VLV tokens can be invested in higher risk per release to top up artists and presale funding for releases.
- Releases are sliding-scale matches funded by artists, presales and defi investors.
 1. Should the release go well, they earn their percentage APR margin lending, paid by the artist/label.
 2. Should the release sell even moderately well, then the artist/label can pay them back. This is a risk for the investors to assess independently.
 3. Should the release not go well, the platform keeps the investor's VLV tokens to offset the cost of manufacturing. However, the royalties of that track are transferred to the investors in perpetuity or as terms and percentages set against the investment.

5.4 Priority Access to Release Presales

- Token holders can access presale reservations before public sales, guaranteeing a reasonable price. They can then commit to reselling the NFT at a profit on the secondary market.

5.5 Access to Music World Metaverse

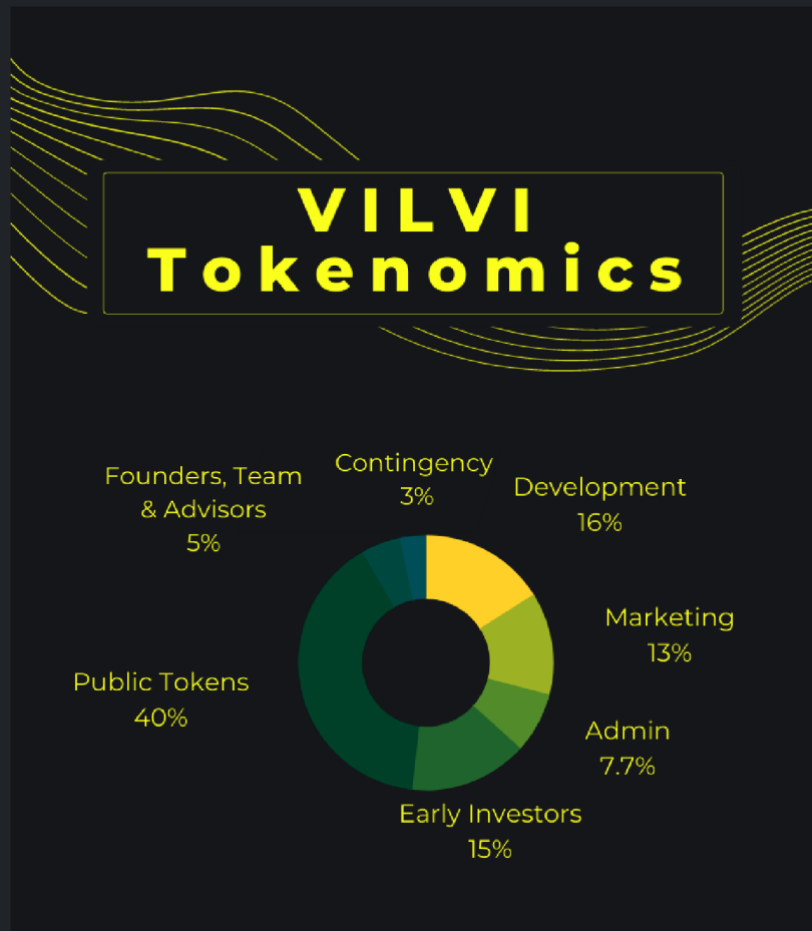
- Individual ownership rights to virtual property, unique releases and other airdrops and opportunities in our metaverse, run by the open-source interoperable metaverse Vurtly Engine. <https://vurtly.com/>

- Just as Myspace allowed bands to have a webpage easily, we want to give bands their own customisable virtual spaces that operate with other metaverse systems and on any device; hence our choice of the Vurtly Engine, which is unique. This seems the fastest route to the available global market using 3D metaverse browser tech.

5.6 VILVI Grant Voting

- Voting in VILVI Grant Fund disbursements (see section 9).

57 Tokenomics



FIXED MARKET CAP 190,000,000 Tokens

VILVI

- Development 16%, Marketing 13%, Admin 7.7%, Contingency 3.3%; each has its wallet, with 8% of each department's wallet unlocking every month, public visibility of spending.
- 5% Founders, Team & Advisors (12-month lock, then 15% available per month)

PRIVATE ROUNDS

- **15% Early Investors (Pre-Public);**
Round 1: 2.5% Tokens, 4,750,000 @ 0.04 USD equiv (lockup for six months, then 15% available per month) 190k USD

Round 2: 2.5% Tokens 4,750,000 @ 0.06 USD equiv (lockup for five months, then 20% available per month) 285k USD

Round 3: 5% Tokens 9,500,000 @ 0.12 USD equiv (lockup for five months, then 15% available per month)

Round 4: 5% Tokens 9,500,000 @ 0.35 USD equiv, no lockup

PUBLIC SALE STAGE

- Exchange pool: (TBC)

EITHER

Further Strategic Round 5: 12.5% Tokens: Strategic Sale for liquidity pool backing, if needed; TBC depending on cardano ecosystem mechanics and partners.

&

Public DEX/CEX tokens: 27.5% Tokens @ 0.5 USD equiv, available for trading, backed by the liquidity pool providers and early investor pool making up the matching 27.5%; 5% available per month on the market.

OR

Public DEX/CEX: 40% @ 0.5 USD equiv; no lockup, x available per month (TBC) if no centralised liquidity pool is required

Cardano has yet to see any successful DEXs running, and we are prepared to be flexible to adjust accordingly to changes as required.

We believe in an as decentralised market as possible, which leaves the ecosystem less open to points of potential failure and market manipulation. We will, at all points with partnering organisations and groups that design longevity in this ecosystem.

Our design of equal public and VILVI token distribution means that both VILVI and its public token holders are incentivised to hold and utilise the project as far as possible, reducing the incentive for volatility associated with market speculation.

6. Business Operations

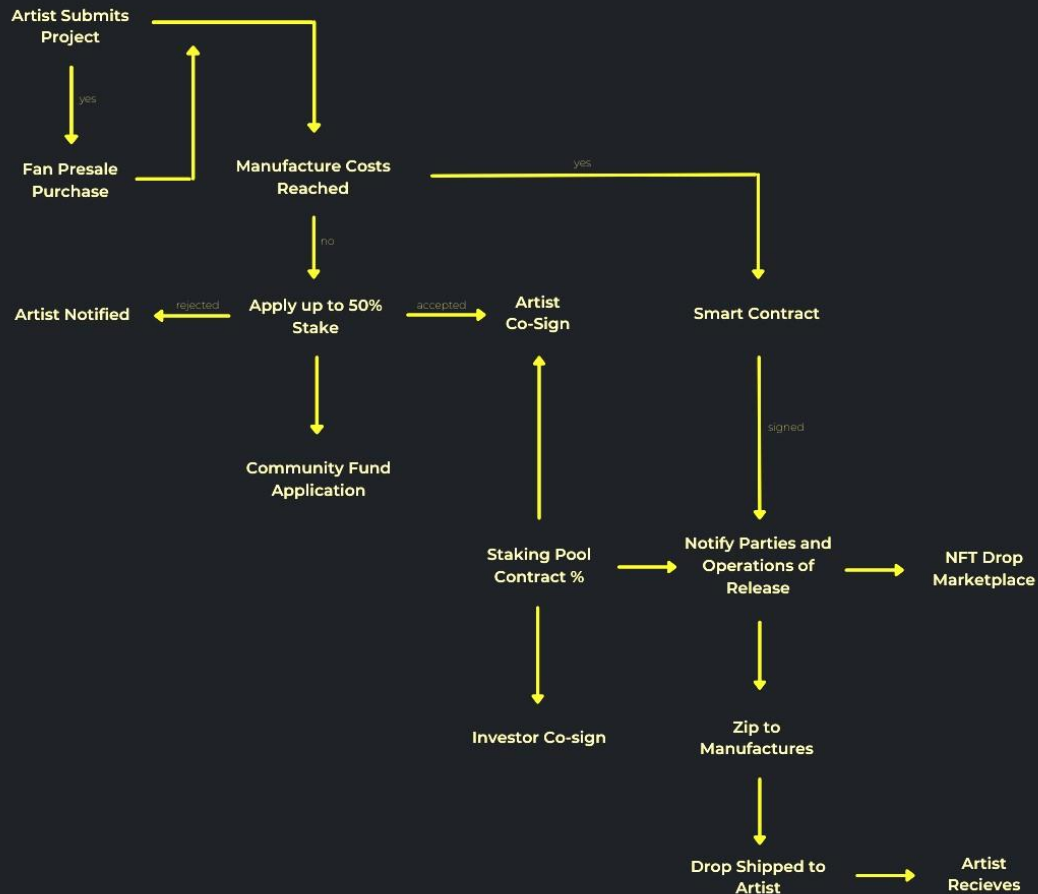


Fig 6.0 Business Operations Flowchart

6.1 Business Sequential Process:

6.1.1 Artist Submits Proposal

Proposal Submitted by Artist/Label, including graphic and digital media for the release.

Copyright clearance is required to proceed.

The artist/Label pays manufacturing cost or deposit against manufacturing costs (~50%)

6.1.2 Pre-Sale Purchases

Fans can publicly pre-buy the release directly from VILVI using Fiat or Crypto.

If needed, this tops up the initial deposit to the amount required to start manufacturing.

6.1.3 Manufacturing Costs Reached

The cost to press the release, including the platform, is 12.5%.

6.1.4 Defi Release VLV Stake Pools

If needed, to top up releases for higher amounts of pressings, or due to a relatively limited deposit or presales for a given target, defi investors can invest in a particular release.

This will return a sliding scale of interest depending on the amount and risk involved.

Should the artist not be able to sell the releases required within a specified period, investors staked VLV tokens are taken back by VILVI to cover the cost of the manufacturing, which will have already taken place. The rights to royalties from the release are transferred to investors. This will incentivise investors to 1) Seek good committed musicians with saleable music.

- 2) Spread their investments responsibly.
- 3) Assist in the decentralised marketing of a particular release should the need arise to ensure the investment comes through.
(This could include practices like 'buying up the floor' as has become common amongst large NFT drops.)
- 4) Ensure the artist is supported in future releases despite a release which was not a commercial success due to the vested interest in continued royalties from previous work.

Should the release not sell sufficiently, the royalties of the track would be signed over to the investors, split by the percentage of remaining debt. This is a sliding scale on whatever the artists/label still needs to manage to repay within the specified period.

6.1.5 User Verification

Artists/Labels wishing to use the stake pool function must be verified, including proof of address. This prevents people from abusing the stake pool option.

6.1.6 Smart Contract Created

The above information is encoded into a smart contract on the public blockchain.

6.1.7 Sale on the NFT Marketplace

Only at this point will the NFTs be minted to ensure that the platform does not make a loss on a release.

Artists/Labels may wish to use the NFT marketplace for digital releases, in which case the previous steps are irrelevant. Though we want to focus on hybrid releases, we expect the platform to be as open as possible to new releases and emerging talent, minimising the financial threshold for engagement for emerging artists.

6.1.8 Sale of the Physical Goods

The addresses are collected when the NFTs are initially sold.

The whole product shipment is sent to the artist/label/distributor and shipped from there.

6.1 WHY VINYL?

Vinyl remains the most collectable format of music that has stood the test of time in both retail and secondary markets.

6.2 WHY NFT VINYL HYBRIDS?



Samsung, Microsoft and other tech companies' vision of 'digital twins' runs straight out of the metaverse and back into real life.¹

Beeple, after his digital art broke auction price records for digital art, began selling work in physical and NFT formats.² We can expect that music and other media types will follow this trend.

Vinyl has the most consistent collector base of any music media type. This has been proven over nearly 70 years, despite the market dominance of digital music sales and services. People like vinyl. The feel of it. The care and attention that goes into the artwork. The credits sleeves.

We are starting to see similar behaviour in NFTs, with people liking to own them, regardless of the utility or sometimes even the quality. Cryptopunks is effectively lofi art. So we can expect the same thing to happen with music, though more slowly.

Music has led to tech adoption in the digital era. Myspace for downloaded tracks. Limewire for track content sharing. Spotify normalised streaming. Interactive concerts in Minecraft. So it's entirely possible that due to the PR that music brings, music NFTs could help normalise blockchain use cases in everyday life for non-techies. VILVI aims to make that easy for people.

Vinyl arrives in the post & you can carry the music NFT around with you on devices and in the metaverse in the meantime.

¹ Samsung Digital Twins Paper URL: <https://cdn.codeground.org/nsr/downloads/researchareas/6G%20Vision.pdf>

² <https://www.protocol.com/bulletins/nft-beeple-art>

6.3 TARGET MARKET: FANS, ARTISTS, LABELS

Example Artist Profiles

Unsigned Indie Artist (The majority of submissions, lower income per release but high volume)

Indie Artist with previous releases (Fewer submissions, but consistent revenue)

Headliner Artist Self-Release (Variable Margins, but attracts the interest of other musicians)

Example Label Profiles

Peckings Records (Extensive Back catalogue of one-offs)

Hospital Records (Indie Market leader in Drum & Bass)

Defected Records (Indie Market Leader in House)

Warp Records (Indie Market Leader in IDM, extensive back catalogue & now distributors)

Rough Trade (Indie rock market leader)

Example Buyer Profiles

Artist Fan (Devoted artist fan, maybe first-time vinyl buyer)

Label Collector (Collects one record label's works extensively, e.g. On U Sound)

New Vinyl Collector (Hipster vinyl revolution. Not to be underestimated).

Veteran Vinyl Collector (Collections spanning 30 years, multiple genres, focus on resale value as well as music)

NFT Collector (Main focus on resale value and investment, as well as aesthetic value)

ROADMAP

STAGE 1: MIXDOWN PHASE COMPLETE

Start minting using Cardano test net

Integrate QR Code system: upon scanning, a public preview of cut length track is available but full track for logged in users/owners only

Decentralised Images and Music to be served via API on an IPFS service.

STAGE 2: REPRODUCTION PHASE

Run Multiple Cardano Nodes, each of around 50k USD in order to maximise ROI

Supporting the Cardano Network and promoting decentralisation, we are launching our own stake pools. As a sign of appreciation for our supporters, we'll regularly give away free NFTs to our delegators.

STAGE 3: DUBPLATE PHASE

Stage 3 - Dubplate Phase
Public Beta of the Virtual Vinyl NFT marketplace

Investors in Stakepool early preview

Artists and labels invited to view collections

STAGE 4: MASS PRODUCTION PHASE

The Launch of Virtual Vinyl Cardano minted NFT as a public Marketplace
Virtual Vinyl cardano crypto coin general release, followed by multi chain support.

Ethereum <-> Cardano bridge key in user adoption given current ETH dominance of the current marketplace.

RGB Smart Contracts on Bitcoin

Stage 1 - Mixdown Phase: COMPLETE

Start minting using the Cardano test net.

Integrate QR Code system: upon scanning, a public preview of cut length track is available, but the whole track is only for logged-in users/owners.

Decentralised Images and Music to be served via API on an IPFS service.

Stage 2 - Reproduction Phase

Run Multiple Cardano Nodes, each of around ~25k ADA, to maximise ROI

We are launching our stake pools by supporting the Cardano Network and promoting decentralisation. As a sign of appreciation for our supporters, we'll regularly give away free NFTs to our delegators.

Stage 3 - Dubplate Phase

Public Beta of the Virtual Vinyl NFT marketplace

Investors in Stakepool early preview Artists

and labels invited to view collections

Stage 4 - Mass Production Phase

The Launch of Virtual Vinyl Cardano minted NFT as a public Marketplace
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RGB Smart Contracts on Bitcoin

12.

LEADERSHIP & TEAM

12.1 LEADERSHIP & TEAM

GEORGE PINNEGAR

Commercial Director, Director



With extensive leadership and business strategy experience spanning many businesses and start-ups over the last decade, George is striving to build the future of music using new decentralised technology. He comes from a classically trained background through a varied experience with music in events, label releases, promotion, production and marketing.

MATTHEW STEVENSON

Chief Technology Officer, Director



As a technology and crypto ambassador, has built multi-national heterogeneous environments as a senior consultant for security and development as a chief architect in the corporations of household brands and financial institutions.

Previous contracts for global media, television and energy companies interacting as a board-level strategist has now been combined with an energetic, entrepreneurial enthusiasm for media and technology.

Felix Milton

Head of Music, Director, Founder



In 1999, at 17, Felix signed a recording contract with Sony 2; during his time with Sony Music Studios London, Felix gained notoriety within the industry, mixing material and winning awards for a range of UK and American releases.