



I Have A Dream

VENT: A Decentralized Export-Import Trading Platform for Small Business

(An introduction to Business Development and International trade on the Blockchain)

Inspired by Satoshi Nakamoto's "Bitcoin: A Peer-to-peer Electronic Cash System"

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ABSTRACT

Protectionism, geopolitical competition, and weakening international integration have made global commerce insecure. The recent election in the U.S. with **Donald Trump's "America First"** mantra, taught us that small business and the domestic export industry, are experiencing deficits in trade. "**Austrian Economic Thought**" mandates that if you are consuming more than you are producing, such an imbalance of trade eventually collapses to reveal the weak foundation of an unstable situation. [1] Trade is what keeps economies and nations alive. "**Trade Demands**" create domestic production and the inflows of funds from overseas.

We've grown up under the influence of **Central Banks, Federal Governance** and today, **Central Services**. **Central services** are in place to ensure that **trust** between parties is maintained. Buyers need to **trust** sellers by ensuring that they are receiving the necessary "bang" for their hard-earned money. Sellers, on the other hand, are concerned about fair and honest compensation for their sweat and effort in delivering a needed product or service. Therefore, **it becomes necessary that banks and governments provide oversight and/or mediation so that transactions and negotiations remain balanced.**

Central Services, however, do not serve the majority at large, but have the effect of creating stronger divisions between buyers and sellers. Most small businesses today require the intervention of a middle man, bank and/or government, who in most cases, reflect the corporate and cultural attitudes that disallow **freedom of speech, privacy, security and peer to peer communication** between parties. **Facebook**, for example, is now **monitoring** its newsfeed to determine whether news is "**fake**" or not. By the time the original message reaches the intended audience, it has been convoluted and much becomes lost in the translation.

Theoretically, the internet has leveled the playing field, in that smaller businesses can now connect directly with niche customers and compete globally on an equal platform. However, since large corporations have greater access to **bank and government lobby**, and to savvy marketing protocols like **programmatic, social media and Big data**, competition remains skewed.

Other factors like *geography, cultural nuance, and protectionism* all play a role in undermining small business's ability to trade globally.

According to **Denise Deveau**, of Canada's the **National Post**: "...while the advent of the Internet is playing a significant role in helping SMEs gain exposure worldwide, the fear factor still presents a sizeable hurdle. Small businesses find the idea of what they need to do to get into another country simply intimidating. The rules and regulations, customer requirements and shipping mechanisms can be daunting. Even trade with the U.S. poses significant barriers, not the least of which are the added fees and procedures that have been implemented since 9/11..." [2] She goes on to say, "We need to **centralize** all requirements and make it as simple as possible so businesses can have confidence they are getting all the information they need".

SellBloc's solution is simple and is founded on **Satoshi Nakamoto's** peer to peer vision for payments to be sent directly from one party to another without financial institution interference. [3]

We propose a **decentralized** free market approach that connects parties and resources peer to peer. A platform that promotes **international business to business trade, information, resources and tools**. It's a network that is **secure, robust, transparent, trustless, simple and commands process integrity**. It's called **VENT** and runs on the **Blockchain**.

AN INTRODUCTION TO SMALL BUSINESS AND GLOBAL TRADE

Bitcoin technology and the blockchain alike, destroy many of the barriers that small businesses experience in developing new markets abroad. This technology inspires **confidence, trust, immutability and integrity**. Not only is the **blockchain global** in transcending cultures, but has the capacity to connect business peer to peer with essential tools and resources that inspire growth and knowledge. That said:

- International trade is a critical component for the long-term growth and viability of small businesses. In 2016, total U.S. exports reached \$2.2 trillion, which is nearly 12 percent of the United States Gross Domestic Product. Those exports helped support over 11 million jobs. [4]
- Exporting provides small businesses with the opportunity to reach new markets, increase revenue, grow their business, and ultimately create needed jobs. While nearly 300,000 small businesses in North America are currently exporting to foreign markets, many small businesses face significant challenges in getting their goods and services abroad because they do not have the **knowledge, resources, or capital** to navigate the trade process; **therefore, they simply do not export**.
- Many small businesses do not export globally. It has been proven that those businesses who do, have a better chance for survival and success. This paper will identify the key problems facing small business as relates to International trade. It will also highlight the importance of such trade. In doing so, it will present economic and social trends affecting us globally. Finally, the contents of this study will show how blockchain and decentralized technologies can connect small businesses peer to peer with elaborate global markets and as a result, resuscitate trade and prosperity in North American urban and rural areas.
- The final objective of this paper will be to illustrate how your involvement in capital funding not only helps build the VENT platform and network necessary to allow for such decentralized trade, but empowers us all by creating jobs, improving GDP and developing a surplus trade environment.

THE BENEFITS OF GLOBAL TRADE TO SMALL BUSINESS

In his article, **“Small Business, Big World”**, Dan Brutto (former President of **UPS**) says, *“Access to global markets can move a new business from a **backyard garage** to a **local warehouse** to a **global network**. In fact, **small businesses that export are 20% more productive and have 20% greater job growth than non-exporters, and they are 9% more likely to stay financially solvent.**”* He goes on to say that *“**small-business owners who engage in international trade were even more likely to project that their business would be in a better economic position 12 months from now. So, keeping these economic engines humming by facilitating trade in today’s tough times is critical.**”* [5]

Trade is what keeps economies and nations alive. “Trade Demands” create domestic production and the inflows of funds from overseas. Countries that have limited domestic resources, such as Singapore, must be able to maintain a trade surplus, as they cannot produce everything they need within their own borders.

In essence, it is critical that we as a society support small business in their growth potential and capacity to access markets abroad. This not only, provides benefits to us all as a society and economy, but magnifies job creation, spending power and as a result, global economic health.

The impressive nature of small businesses is that due to limited bureaucratic red tape, it has flexibility to adjust quickly to an international business model and stand out from an already saturated domestic marketplace while reaching a wider customer base. Reinventing your business identity and improving your potential for international expansion in today’s challenging economy has many benefits and can outweigh the risks of staying as a pure domestic company, especially when opportunities from many emerging and expanding global markets are thirsty for everything North American.

That said, many small business owners find it difficult to navigate the complexities of international trade. While trade has clear benefits, it also presents challenges, from **learning about new markets to complying with complex customs regulations**. In today’s market, access to **financing** is critical. Expanding beyond borders requires an initial capital investment—something that’s not easy for many small-business owners. The most important thing for small businesses to know is that trade offers opportunities even during difficult times, and we the business community, must help them expand to new markets.

BARRIERS TO TRADE (THE PROBLEMS)

Only 33% of small and mid-sized businesses are taking part in cross-border trade, according to the UPS Business Monitor United States, a survey of 600 business decision-makers. [6]

Reasons cited by survey respondents for not engaging in international trade include a perception that it is too risky, a lack of knowledge about international markets, unfamiliarity with customs regulations and disinterest in expanding business beyond borders.

According to the Canadian Manufacturers and Exporters Management Issue Survey 2013, these factors emerge [7]:

CONSTRAINTS TO EXPAND BUSINESS INTO GLOBAL MARKETS

Constraints to expansion	Size of workforce					Total
	1-10	11-99	100-250	251-500	500+	
Lack of expertise or knowledge of new markets	40%	49%	38%	44%	37%	43%
Corporate organization	29%	36%	43%	50%	52%	39%
Difficulty in finding partners, distributors or sales agent	36%	41%	39%	50%	20%	38%
Difficulties identifying market opportunities	33%	40%	36%	31%	20%	35%
Production limitations	26%	28%	39%	19%	41%	31%
Lack of internal expertise	32%	35%	20%	47%	19%	31%
Managing exchange rates	15%	23%	23%	44%	20%	23%
Accessing credit and/or the cost of export financing	21%	13%	15%	9%	13%	14%
Difficulties securing export insurance or financing	13%	7%	4%	0%	15%	8%
Other	8%	7%	9%	3%	11%	8%

SOURCE: CANADIAN MANUFACTURERS AND EXPORTERS 2012-13 MANAGEMENT ISSUE SURVEY

NATIONAL POST

When a firm decides to export to another country, it needs to address the following:

1. **TRUST**- Transferring of funds internationally to parties with which one has never done any prior business is complicated. There will likely be a **lack of trust**. There would exist a need for intermediaries or middlemen like banks who would handle foreign exchange needs and provide letters of credit or bills of exchange. Therefore, this would include:
 - Foreign Exchange Risk
 - Central Bank Currency Manipulation
 - Import and Export Financing

FOREIGN EXCHANGE RISK and IMPORT/EXPORT FINANCING

The **de facto global currency** of world trade is the **US dollar(USD)**. Therefore, many countries must ensure that they have an adequate supply of USD reserves before they can embark on trade. Countries with weak and/or developing economies generally use foreign exchange controls to limit speculation against their currencies. They are often accompanied by capital controls that limit the amount of foreign investment in the country. As a result, smaller firms may find it difficult to buy goods abroad since available foreign exchange is scarce.

Central banks are also competing globally in currency tampering and this confusion has evolved into trade wars. The result is an international trading policy that utilizes currency devaluations and protective barriers to alleviate a nation's economic difficulties at the expense of other countries. [8] If I devalue my currency against stronger foreign currencies, my goods and services become more attractive in terms of lower cost of doing business against your currency. The result is a race to the bottom in currency devaluation to attract foreign investment. This has been labeled **Currency wars**.

Last, but not least, transferring of funds internationally to parties with which one has never done any prior business is also complicated. There will likely be a lack of trust. To overcome this lack of trust, reputable international banks are included in the transaction as a middle man or go between. [9]

- 1)Importer receives bank's promise to pay on behalf of importer**
- 2)Bank promises to pay exporter on behalf of importer**
- 3)Exporter makes a shipment to the bank, trusting the bank to pay**
- 4)Bank pays the exporter**
- 5)Bank sends shipment to importer**
- 6)Importer pays the bank**

The process is cumbersome and complex to say the least and involves letters of credit issued by a bank on behalf of the importer or drafts and/or bills of exchange for international payment. The cost of mediation also increases transaction costs. By the time the product or service reaches the intended audience, it has been convoluted, inflated and much becomes lost in the translation, transportation and transaction.

2. **MARKET ANALYSIS**-Identifying market needs vary from culture to culture. Language differences and socio-economic factors determine how one communicates and sells. There exists a lack of understanding the competitive conditions. Most businesses require the assistance of local distributors or middlemen to translate the message and benefits surrounding products and services. This would mean:

- Finding reliable Partners- Who will sell and distribute product/service
- Identifying A True Market Need/Cost & Risk seeking out new opportunities
- Challenges of doing business in a foreign market-Does it know what it will face

Finding Reliable Partners and Distributors

North American firms often establish relationships with distributors located in the countries whose markets they are seeking to enter. They hire sales reps based in those countries. They may engage local marketing and public relations firms to assist them. Because the North American firm might have no prior experience in that country, finding people who are trustworthy and competent can be a challenge. Evidentially, most distributors lack valid allegiance to any one product or brand and are unable to truly communicate the benefits and value with authenticity to the buyer. [9] [10] [11] [12]

In the late nineties, I operated an independent music label called **Tar Media**. We produced and sold electronic music to the globe. The problem was such that we required a distributor to get our CDs into retail outlets in Canada and around the world. We worked with a few distributors in Canada, Europe and the USA. The process was opaque, in that we were always in the dark as to where those CDs were going and more importantly, what sales had transpired. In other words, we were at a disadvantage and relied on the good faith and **trust** of the distributors to report on progress. To make matters worse, it cost us \$1.00 to manufacture a CD coupled with marketing and transportation costs to get the product and message to the public, radio and the distributors. The distributors bought our CDs at \$4.00 each. However, we would only receive monies when the distributor sold to the stores. In fact, we were told that monies could only be released after retail sale of the CD. Therefore, we were at the mercy of a one-sided information stream. Finally, retail sold the CDs for \$25.00 or more. Because of the middleman in the distribution channel, the consumer and **Tar Media**, the product creator, ended up with a bad deal.

Identifying A True Market Need (Economy, market trends and consumer behavior)

A key to success in business is offering products and services for which customers have a compelling need. The customer has a problem that needs to be solved, and the product or service provides the solution in such an effective way that its benefits are not difficult to communicate. Identifying the true needs of large numbers of people in a foreign country is not easy. Not having lived in their culture experiencing their day-to-day lives, North American marketing executives can fail by assuming that what people in other countries want or need matches the wants and needs of North American consumers. Finding new international customers requires significant up-front market research and analysis with no guarantee of success. This can especially be an issue for small companies looking to export who may not have the time or financial resources needed to do this advance work. [13] [14]

CHALLENGES OF DOING BUSINESS IN A FOREIGN MARKET

Culture and Language

To produce effective advertising requires more than accurate translation of the message from one language to another. It requires a deep understanding of the culture, customs, morals and even religious views that predominate in that country. What motivates consumers to buy products varies from country to country. Business executives from different countries can encounter several barriers to effective communication besides obvious language differences. The traditional pace of business negotiations can be different. North Americans sometimes want to hurry negotiations along, whereas in some other countries emphasis is placed on building relationships before a business deal is seriously considered.

[15]

3. STRATEGIC and OPERATIONAL ANALYSIS-Many small businesses are overwhelmed by the intricacies, laws and regulations surrounding exportation. These barriers can be further broken down to the following:

- Policy and Trade agreements/Bureaucracy & Red Tape
- Logistics(The Supply Chain)
- Intellectual Property

Policy and Trade Agreements

Regulatory and standards barriers include a wide variety of operating practices ranging from bureaucratic delays in processing request for permits, political squabbles, infrastructure headaches, and unethical business practices. [16] [17]

Too often, exporters take the time to go through approval processes with regulations here in North America, but soon find out that the steps they took aren't acceptable overseas. When attempting to enter an international market, some exporters will face unnecessarily cumbersome customs and market-entry procedures. If these procedures are arbitrary and left to the judgment of customs officers, they become barriers to market entry.

Similarly, voluminous and complicated document requirements and excessive delays in customs clearance due to human and technical factors serve as non-tariff barriers. For many companies, requirements to provide the same documentation to numerous agencies in one country significantly contribute to the costs

Non-tariff barriers to trade can be defined as government laws, regulations, policies or practices that either protect domestic industry or products from foreign competition or artificially stimulate export of particular domestic products. Quantitative restrictions, tariff quotas, voluntary export restraints, orderly marketing arrangements, export subsidies, government procurements, import licensing, antidumping/countervailing duties and technical barriers to trade are some examples of such non-tariff barriers. [18]

Non-tariff barriers also include a wide variety of operating practices ranging from bureaucratic delays in processing request for permits, political squabbles, "buy national" campaigns, infrastructure headaches and unethical business practices.

Strategic and Operational Roadblocks

Lack of access to the latest manufacturing technologies, territorial restrictions to trade, collusion among competing firms, and close ties between transacting partners often conspire to restrict the timely availability of component parts and raw material blocking access to efficient distribution channels. Access to a country's distribution or commercial infrastructure is, at times, impossible because of the close ties between local manufacturers, wholesalers and retailers. Distributors may refuse to carry foreign products lest they alienate their domestic manufacturers or suppliers.

Customs and Market Entry Practices—Every nation has its customs and entry procedures. In many countries, existing border procedures are unnecessarily cumbersome. These procedures become barriers to market entry if their use is arbitrary and left to the judgment of customs officers. Voluminous and complicated document requirements and excessive delays in customs clearance due to human and technical factors serve as non-tariff barriers. For many companies, requirements to provide the same documentation to numerous agencies in one country significantly contribute to the costs.

Technical Barriers—Technical barriers to trade (TBT) refer to technical regulations and voluntary standards that set out specific characteristics of a product, such as its size, shape, design, functions and performance, or the way a product is labelled or packaged before it enters the marketplace.

Competitive Barriers—Competition among several differentiated brands is a natural barrier in the market since it allows a strong brand name company to charge a premium price and capture a large share of a profitable market segment. If competition from a well-known global or local brand is intense, novice international marketers with quality products need to make a heavy investment in marketing communication and brand building.

Financial Infrastructure Barriers—Many countries require prior import deposits or charge prohibitive administrative fees and higher taxes for foreign companies. Multiple exchange rates are also used to encourage trading on some product categories while discouraging import or export of others. Many governments around the globe have developed opaque financial systems where it is hard to know where the state ends and the corporation begins.

Physical Infrastructure Barriers—Local administrative bodies and physical infrastructure built to protect local interests pose difficulties for road transportation, private and commercial trucking, and inter-provincial or interstate purchasing and distribution. Conditions of roads, harbors, airports and telecommunication limit the market potential and results in market barriers. For example, road construction in Thailand has not kept up with traffic growth.

Socio-Cultural and Ethical Norms and Practices—Smuggling, counterfeiting and bribery are more prevalent in some countries and regions than others. These practices create barriers to market access. Bribes take many forms ranging from money, to favors, to trips to other countries.

LOGISTICS AND THE SUPPLY CHAIN

Going global adds time, complexity, distance, and new risks to the logistics equation. As the global marketplace continues to expand, those companies that assess their skills and capabilities now — and look to partners with the expertise and infrastructure to help — will be well-positioned to support both existing and future global business initiatives.

When going global, companies of all sizes face a number of logistical challenges. Effectively planning, controlling, and managing the movement and storage of goods and services as they extend over international boundaries — from raw-material suppliers to end customers — poses several logistics challenges. [18]

1. Unknown supply-chain risks and volatility.

The longer the supply chain, the more exposure to risk and potential disruption.

To best manage global supply-chain risk, companies must identify and assess the potential issues, work through various what-if scenarios, and gain transparency into their own suppliers' operations.

2. Greater supply-chain variability.

Variability — the difference between what we *expect* from something and what *actually happens* — becomes a key issue when doing business overseas. Within the supply chain, deviation from planned production, supply, and transit times can increase variability.

3. Less supply-chain visibility.

Maintaining good supply-chain visibility — tracking shipments as they move around the world — becomes difficult when multiple carriers, third-party logistics providers, and modes are used to transport goods overseas.

[According to KPMG](#), 40% of global manufacturers lack information and material visibility across their supply bases. Poor visibility can lead to shipment delays, supply-chain disruptions, and revenue losses that can severely affect a global business.

4. New technology and Cyber risk

Advancing technology is making its way into the supply chain, forcing businesses to constantly change systems.

A common trend in nearly every industry is moving towards digitization. From manufacturing to the supply chain, digital technologies continue to transform how business is conducted. Innovative new systems are creating solutions to problems that have always plagued the industry. However, as the supply chain becomes more connected, risks begin to present themselves. The challenge is ensuring the supply chain remains resistant to cyber-attacks.

Threats can come from everywhere, an email, an attachment or even public Wi-Fi. It will be incredibly important to understand what kind of cyber risks are out there in order to keep precious data private.

INTELLECTUAL PROPERTY

Intellectual property includes a broad collection of rights relating to works of authorship, inventions, designs, trademarks, and trade secrets. Those who enter international markets frequently encounter copycat brands and marketing. Companies in China often report from customer service that consumers seek product support only to discover that their product is a counterfeit. [19]

Now that we have identified the potential barriers to international trade that small business experience, let's now illustrate how bitcoin and blockchain technology can remove such challenges and effectively produce simpler processes by way of **decentralization**.

THE BLOCKCHAIN

A **blockchain** is a decentralized and distributed digital ledger that is used to record transactions across many computers so that the record cannot be altered retroactively without the alteration of all subsequent blocks and the collusion of the network. A block is the “current” part of a **blockchain** which records some or all of the recent transactions, and once completed, goes into the **blockchain** as permanent database. Each time a block gets completed, a new block is generated.

A **blockchain** facilitates secure online transactions.

Nine benefits of the Blockchain

1 Disintermediation & trustless exchange

Two parties are able to make an exchange without the oversight or intermediation of a third party, strongly reducing or even eliminating counterparty risk.

2 Empowered users

Users are in control of all their information and transactions.

3 High quality data

Blockchain data is complete, consistent, timely, accurate, and widely available.

4 Durability, reliability, and longevity

Due to the decentralized networks, blockchain does not have a central point of failure and is better able to withstand malicious attacks.

5 Process integrity

Users can trust that transactions will be executed exactly as the protocol commands removing the need for a trusted third party.

6 Transparency and immutability

Changes to public blockchains are publicly viewable by all parties creating transparency, and all transactions are immutable, meaning they cannot be altered or deleted.

7 Ecosystem simplifications

With all transactions being added to a single public ledger, it reduces the clutter and complications of multiple ledgers.

8 Faster transactions

Interbank transactions can potentially take days for clearing and final settlement, especially outside of working hours. Blockchain transactions can reduce transaction times to minutes and are processed 24/7.

9 Lower transaction costs -By eliminating third party intermediaries and overhead costs for exchanging assets, blockchains have the potential to greatly reduce transaction fees.

Cryptocurrencies, the Blockchain, & Smart Contracts solve the issue of TRUST in International Trade

Cryptocurrencies which include bitcoin, Ethereum, Z-cash and many others, transcend financial barriers and eliminate the need for foreign exchange. This removes the involvement of the banking system in the process of international trade and allows importers in developing and emerging economies to bypass foreign exchange controls that may in fact hinder their participation in foreign trade.

In addition, Interbank transactions can potentially take days for clearing and final settlement, especially outside of working hours. Blockchain transactions can reduce transaction times to minutes and are processed 24/7. Notwithstanding, two parties are able to make an exchange without the oversight or intermediation of a third party or bank, strongly reducing or even eliminating counterparty risk. In other words, users are in control of all their information and transactions. The transaction is direct and simple with the message intact and undiluted. Small business can now enter the game without intimidation of the banking system. Users can trust that transactions will be executed exactly as the protocol commands removing the need for a trusted third party.

Changes to public blockchains are publicly viewable by all parties creating transparency, and all transactions are immutable, meaning they cannot be altered or deleted. Logistics and supply chain complications are reduced since all transactions are added to a single public ledger. This reduces the clutter and complications of multiple ledgers. **To reduce the business and supply-chain risk associated with visibility, organizations are using collaborative processes like data sharing and demand planning across departments and business partners. They are also turning to cloud-based software platforms for data collection and information sharing and are working with global logistics experts to effectively identify and address any visibility gaps before they become problems.** The Blockchain, would appear to be a better solution. It is trustless, durable, simple and transparent. Due to its decentralized networks, blockchain does not have a central point of failure and is better able to withstand malicious attacks. Also, by eliminating third party intermediaries and overhead costs for exchanging assets, blockchains have the potential to greatly reduce transaction fees.

As Satoshi Nakamoto put it in his paper “Bitcoin: A Peer-to-peer Electronic Cash System”

Commerce on the internet has come to rely almost exclusively on financial institutions serving as trusted third parties...

What is needed is an electronic payment system based on cryptographic proof instead of trust, allowing any two willing parties to transact directly with each other without need for trusted third parties

THE SOLUTION:

SellBloc, therefore, proposes **VENT: A Decentralized Import-Export Trading Platform for Small Business.**

VENT is a decentralized peer to peer network or platform utilizing escrow smart contracts and a payment system running on the bitcoin protocol.

SellBloc's role will be one of autonomy. Therefore, exercising free will, only to ensure that things run smoothly by continuous development of the network via smart contracts and escrow services.

VENT is not merely a trading vehicle but a decentralized source of tools and resources:

- **Customs brokers**
- **Regulatory Associations and Bodies**
- **Customs & Social consultants**
- **Social media consultants**
- **Placement services**
- **Crowd Funding/Charities**
- **Programmatic marketing firms**
- **Public relations firms**
- **International trade resources**
- **Translation services**
- **International Trade Consultants,**
- **Freight and Transportation services**
- **Warehousing** and much more.

These all occupy the decentralized network and will conduct business peer to peer with autonomy using blockchain and smart contract protocols.

The goal is also to **“Uberize”** resources like warehouse space. There are many unused structures and buildings in urban and rural areas globally. These structures can be transformed into state of the art storage depots. Owners of these facilities can rent them through peer to peer agreement to prospective exporters for additional income. Again, SellBloc remains autonomous. The details surrounding the usage of warehouse space is done peer to peer all via smart contract and escrow. The same holds true for trucking and freight service. If you’re an independent trucker, you are free to occupy the decentralized network and offer your services.

1. BITCOIN & VENTCOIN FOR IMPORT/EXPORT TRADE

VENT will utilize bitcoin, VENTCOIN and a variety of cryptocurrencies for transactions. “Crypto” transcends geographical borders and are true authentic global currencies. They remove the need for a trusted bank to manage the transaction between buyer and seller. Escrow services will be provided to ensure that transactions remain fair.

VENTCOIN will run on the VENT blockchain and will be used as an identifier for supply chain, intellectual property, ownership and trade. The traditional banking model achieves a level of privacy by limiting access to information to the parties involved and the trusted third party. Although bitcoin & Ventcoin transactions are publicly announced, public keys remain anonymous. The public can see that someone is sending an amount to someone else, but without information linking the transaction to anyone. VENTCOIN will also include stealth and anonymous features for added privacy and security.

2. ESCROW AND SMART CONTRACTS

VENT will use an escrow transaction system executed through smart contract protocol. [20]

Smart contracts are self-executing **contracts** with the terms of the agreement between buyer and seller being directly written into lines of code. The code and the agreements contained therein exist across a distributed, decentralized blockchain network. In other words, these are computer protocols intended to facilitate, verify, or enforce the negotiation or performance of a **contract**. ... The most prominent **smart contract** implementation is the Ethereum blockchain platform. [21] [22] Ethereum smart contracts can get complex, however. Therefore, we propose smart contracts run on the bitcoin protocol by use of **MAD (Mutually Assured Destruction) Escrow**.

Mutually Assured Destruction [23] was introduced during the cold war between the U.S. and USSR. It is based on the theory of deterrence, which holds that the threat of using strong weapons against the enemy prevents the enemy’s use of those same weapons. The strategy is a form of **Nash equilibrium/Game Theory** [24] in which, once armed, neither side has any incentive to initiate conflict. The doctrine further assumes that neither side will dare launch a first strike because the other side would launch on warning resulting in unacceptable losses for both parties. The payoff is global peace.

Simple escrow services prevent fraud since there is a third-party referee on the transaction. This, however, does not create true peer to peer decentralization and affects privacy since the third party is now privy to the transaction. Smart contracts eliminate the need for third party intermediaries like banks and distributors and thus eliminate the idea of trust between parties: a **system based on cryptographic proof**.

Peter Todd, in his paper, “**OP_CHECKLOCKTIMEVERIFY**” [25] suggests an escrow system based on **MAD/Game Theory**. Therefore, **SellBloc’s** proposal is as follows: Both buyer and seller deposit equal funds into escrow. Both buyer and seller must mutually sign off on the completed transaction for monies to be released. This is also time based. The buyer makes an offer with an expiry date. If the seller fails to accept the offer before expiry time is reached, the offer is

automatically cancelled and the deposit refunded to the buyer. If the seller accepts the offer (within time frame), he then matches the buyers deposit and a new transportation expiry date is initiated. If goods or services are not delivered within time frame, that party is penalized by losing their sell escrow deposit. The same holds true if the buyer receives the shipment and claims to have not. He is penalized and loses their buy escrow deposit. Both sides are protected and penalized alike. First strike/fraud is discouraged. Neither side has any incentive to initiate conflict.

3. DECENTRALIZED MARKET ANALYSIS (Distribution, Marketing & Sales)

VENT, being a decentralized network suggests that all communication and transactions are peer to peer. All information is recorded on the blockchain. This keeps the process transparent, immutable, safe, reliable, trustless and durable with faster transactions at a lower cost. Decentralization is the process of distributing or dispensing functions, powers, people or things away from a central location or authority. Each peer makes local autonomous decisions towards its individual goal. Peers directly interact with each other and share information or provide service to other peers. Any peer can enter or leave the system at any time. There is no middleman. This means that sellers are free to connect directly with buyers and vice versa. The network will include a wide range of services ranging from programmatic marketing, advertising, social media, customs brokers, transportation and much more. This intricate peer to peer system encourages collaboration and independence and will be constructed with the goal that all participants have the tools and free will to succeed. SellBloc's role is autonomous. SellBloc only charges fees based on mutually completed transactions between parties.

4. STRATEGIC and OPERATIONAL ANALYSIS

As mentioned, regulatory and standards barriers include a wide variety of operating practices ranging from bureaucratic delays in processing request for permits, political squabbles, infrastructure headaches, and unethical business practices. SellBloc will encourage several **Regulatory bodies, Trade consultants, Translation services, Information kiosks, Trade associations** and the like from around the globe, to occupy the network in a decentralized manner. All info is in one place. Such organizations are also buyers as well as suppliers of information. Since these bodies will be part of the network, small firms have a direct link to information in one place and thus, eliminate the hassle of accessing valuable resources from multiple outlets. This information will then be disseminated **via private encrypted chats and torrent like downloads.**

5. DEMAND CHAINS Vs. SUPPLY CHAINS

With the blockchain, the core system that underpins bitcoin and VENTCOIN, computers of separately owned entities follow a cryptographic protocol to constantly validate updates to a commonly shared ledger. A fundamental advantage of this distributed system, where no single company has control, is that it resolves problems of disclosure and accountability between individuals and institutions whose interests aren't necessarily aligned. Mutually important data can be updated in real time, removing the need for laborious, error-prone reconciliation with each other's internal records. It gives each member of the network far greater and timelier visibility of the total activity.

VENT is a global decentralized network for mediating trust and transparency. It takes the internet's empowering potential to its next level. An equally promising test case lies with global supply chain relationships, whose complexity and diversity of interests pose exactly the kinds of challenges this technology seeks to address. The blockchain can reveal hidden information and allows users to attach **digital tokens to goods (e.g. VENTCOIN)** as they progress along the **production, shipping, and delivery phases of a supply chain** and transfer title to them between different players. This will give small businesses far greater flexibility to find markets and price risk, by capturing the value that they have invested in the process at any point along the chain. What we end up with are dynamic **demand chains** in place of rigid **supply chains**, resulting in more efficient resource use for all.

6. INTELLECTUAL PROPERTY and the BLOCKCHAIN

As a result of the Blockchain and decentralization, VENT's model becomes an essential part of intellectual property. Creators of digital content could adopt the network to prove copyright ownership. The distributed ledger would be beneficial for proving the date of first use of a trade mark since all entries are stamped in a chronological record of innovation. Secondly, rather than a licensing agreement being a set of written obligations and restrictions to be followed in good faith, a licensing agreement on the blockchain (smart contract), could be continuously monitored, licensing fees securely transferred and contractual obligations automatically executed. All while maintaining a public record. This eliminates the idea of trust between parties and relies on cryptographic proof allowing any two willing parties to transact directly with each other without the need for a trusted third party. Again, this would be achieved through the use of VENTCOINS on the VENT blockchain.

7. SMUGGLING, COUNTERFEIT AND BRIBERY/FRAUD

Both bitcoin and VENT's blockchain can help by tracking every dollar showing donors and buyers whether their money has been spent correctly. It could clearly show if funds went missing and hold all parties accountable. The technology of course is not a panacea; transparency does not necessarily lead to accountability. The blockchain would not curtail a corrupt custom official awarding the release of sub-standard goods from a competitor.

Nonetheless, transactions that are computationally impractical to reverse would protect sellers from fraud, and routine MAD escrow mechanisms will be implemented to protect both buyers and sellers.

SellBloc's ROLE

SellBloc's role will be one of autonomy. Therefore, exercising free will, only to ensure that things run smoothly by continuous development of the network via smart contracts and escrow services.

- SellBloc is a decentralized Business Development, Management & Marketing Organization
- SellBloc's autonomy means that it participates in other activity outside of VENT.
- SellBloc will also occupy the VENT Network/Blockchain.
- SellBloc will build, market, maintain, advertise and deliver the VENT network to small business globally.
- SellBloc will handle all escrow, and support services having to do with the VENT network.
- SellBloc gets paid only when transactions are mutually complete. That fee is still undetermined, but will be a percentage of each mutually agreed transaction that takes place.
- This payment will be used to maintain the network functionality, pay salaries and of course create revenues and income.
- To avoid misuse of the network by **bad actors**, SellBloc asks that companies entering the system provide proof of business registration, credentials and ownership.
- VENT, will be a Decentralized Autonomous Organization. Entrance to the network is free. Exit from the network is also free.

THE BUILDING OF VENT

So far, VENT has been bootstrapped with private and personal bitcoin investment. We are extremely passionate about this venture and will see it through to fruition.

The idea is now to raise capital through a variety of PRE-ICO rounds and finally with an ICO crowd sale to build, test, maintain, develop and market the VENT decentralized network to small business and the public at large.

The idea of VENT, although simple is uncharted, since many small businesses find it difficult to connect to markets abroad.

We anticipate, from our research, that this system will become quite valuable to small business globally therefore, quickly transferring immense demand and gains for VENTCOIN and Vent tokens alike.

We will shortly be producing VENTCOIN and/or Vent tokens. **VENTCOIN** will be used to manage and maintain the network, prove trademark ownership and be used for demand chain purposes. **VENT tokens**, on the other hand, are tokens of your crowd funding participation and equity shares. These tokens will be available for sale to the public via PRE-ICO and ICO rounds. Both coins and tokens will be subsequently available for trade on platforms like Bittrex and Poloinex.

Once VENTCOIN & Vent tokens become available on trading platforms globally, we will continue to aggressively market the network and tokens alike. In other words, we will continue to support the token and coins with vigor.

CONCLUSION

What we're proposing is a decentralized trading system that allows small business to trade peer to peer while eliminating international banking intermediaries and central distribution systems from the picture. Not only does this reduce complexity and costs of doing business abroad, but is immutable, secure, autonomous, reliable, durable and trustless. Trust is replaced by cryptographic proof and supported by MAD escrow services. With regards to the myriad of several regulatory concerns which deter trade, we have added the needed resources within the system, but suggest that these resources/tools exist as decentralized peers. **Regulatory bodies, Translation services, information kiosks, trade associations** are accessible to all. Lastly, we have suggested that supply chains become demand chains based on VENTCOIN token availability as they progress along the production, shipping, and delivery phases of the chain. Intellectual property is also protected by cryptographic proof. All in all, what we have is a system of trade that allows small business to interact peer to peer while having access to all necessary marketing, advertising and regulatory tools and resources, without **Central Service** involvement. I have a dream!

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