



OmniBazaar

Shop without middlemen. Pay without bankers.™

OmniBazaar, Inc. Executive Summary November, 2016

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Business Overview

OmniBazaar is a white-market, cryptocurrency-enabled, [peer-to-peer](#), cooperative, free-enterprise system and marketplace. The OmniBazaar system includes its own built-in cryptocurrency (OmniCoin), an [influencer marketing](#) system, social messaging, reputation tracking, escrow agents, and bonuses to provide user incentives for participation and growth.

OmniBazaar [disintermediates](#) e-commerce by removing the middlemen and bankers. This allows e-commerce to be conducted more privately and reduces by 90% the fees paid by online buyers and sellers. This has the potential to revolutionize e-commerce and disrupt existing centralized sites such as eBay and Amazon.

We have developed a user-acquisition reward system that allows social influencers to easily monetize their social networks. This system turns invested marketing dollars directly into new users and new listings. Our system of incentives also makes it profitable for users to provide other services that are necessary for the success of the network.

OmniBazaar is an explicitly "white-market" marketplace with built-in technology safeguards to deter and remove illegal product or service listings.

We have developed a patent-pending "peer-to-peer-to-peer" network architecture. This architecture allows users to place listings in the marketplace without continuously keeping a network node running on their computer.

We have built in a revenue model for the company. OmniBazaar, Inc. will receive a portion of the OmniCoins issued during the first four years of operation, as well as a small percentage of each transaction, to support its continued development and maintenance of the software.

Our distributed mode of operation makes the OmniBazaar network almost infinitely scalable, with minimal costs to the Company for computing infrastructure, offices, equipment, or personnel. After the software has been written and the marketplace user base established, profit margins are expected to be exceptionally high.

On 17 October 2016 we received a "Notice of Allowance" from the USPTO for our patent application 13/956,358. We have also applied for a second continuation patent to further secure our IP claims. We have trademarks on the relevant names and own the related domain names.

The OmniBazaar and OmniCoin software has been developed, and a working test network is operating. Initial launch of the marketplace and coin is targeted for Q1 2017. The free software application will be available for all major computing platforms.

We are currently offering 20% of the fully-diluted shares of the Company for \$1,000,000.

Revenue Model

Individuals and small businesses transact business among themselves using a free version of the OmniBazaar software to list and shop for products and services. Users pay no fees to join the marketplace, no fees to shop or to create listings, and no monthly or annual membership fees. Users can pay a small fee to other marketplace users in exchange for optional services, such as listing publication and escrow services.

OmniBazaar, Inc. receives one half of one percent of each transaction for its continued development and maintenance of the software. OmniBazaar, Inc. also receives a “Developers’ Reward” of approximately 3% of the eventual OmniCoin supply per year for four years.

Some users may choose to purchase an optional software upgrade to “CryptoBazaar” (after the estimated release date of the first quarter of 2018). CryptoBazaar will include additional services, such as a Currency Exchange Module to allow users to participate in a decentralized cryptocurrency exchange, a local fiat-currency-to-cryptocurrency trading platform, and a decentralized asset ownership trading system. Sales of the CryptoBazaar software will provide an additional revenue stream. Users will also pay transaction fees when they choose to use the features provided by these modules.

User Rewards and Incentives

Users receive rewards, in the form of OmniCoins, for providing services to other users in the marketplace. These services include transaction processing, publication of listings, referral of new users, and escrow services. By rewarding marketplace service providers, we believe we can avoid the circumstance where every individual tries to reap the greatest possible benefit from the system without regard for the overall health of the system (the [“tragedy of the commons”](#)).

User rewards and incentives are discussed in more detail in the “Marketing Strategy” section of this document.

Infrastructure Requirements

We have designed the OmniBazaar marketplace network to operate *completely* “peer-to-peer”. All infrastructure, computing power, data storage, and network bandwidth for the OmniBazaar marketplace will be provided by the users of the marketplace.

This distributed mode of operation makes the OmniBazaar network almost infinitely scalable, with minimal costs to the Company for additional computing infrastructure, offices, equipment, or personnel. After development of the software has been completed and the marketplace user base established, profit margins are expected to be exceptionally high.

OmniBazaar, Inc. does not receive, process, or store *any* user financial, or transaction information. OmniBazaar, Inc. operates exclusively as a software publisher, and does not provide any network servers, data storage, publishing, transaction processing, brokerage, escrow, exchange, or other services to users of the marketplace network.

Avoiding Illegal Listings

OmniBazaar is designed to be a “white-market” e-commerce site. The company actively discourages use of the marketplace for illegal purposes, and has built the software to allow user to have privacy *but not anonymity or “hidden services”*. We have included warnings to users against illegal activities, technology to make users and listings traceable, and by implementing a “community policing” system. This system allows users of the marketplace network to report and vote to remove prohibited content. OmniBazaar, Inc. will also mitigate its exposure to criminal activities by not providing any of the data storage, publishing, escrow services, communication relay, network bandwidth, or other services associated with the marketplace, and by not being a party to any of the transactions between users.

Development Stage

The software applications necessary to implement the OmniBazaar marketplace and OmniCoin network have been developed, and a working test network is currently undergoing testing. When it is first released, free software application will be available for use with the Windows operating system. Soon after release, OmniBazaar will be available for all major computing platforms.

Mission

Our mission is to [disintermediate](#) e-commerce.

The goal of OmniBazaar is a free-enterprise economic and financial system “of the people, by the people, for the people”. We are creating an e-commerce marketplace without the middleman, and facilitating payments without the bankers.

Relevant Market Size

Potential users of a convenient, inexpensive, distributed peer-to-peer marketplace include most of the adult population of the world. Anyone who currently buys or sells goods or services on the internet is a potential user.

OmniBazaar will also be able to serve the 2.5 billion "un-banked" people world-wide who cannot use existing, centralized, e-commerce sites, because those sites require credit cards and bank accounts.

Existing Market Segments

Other existing players in the target market segment include Amazon, Alibaba, eBay, Rakuten, Craigslist, and various others. We estimate the market for direct trade and barter in the United States alone to be in excess of a trillion dollars per year.

In their 2015 fiscal year, the top 3 e-commerce sites, Amazon, Alibaba and eBay produced collective gross revenues of \$129.8 billion by enabling \$706 billion in commerce through transactions between 900 million buyers and sellers. These numbers represent a (weighted) 41% growth from the previous year. We believe this demonstrates a large and growing market for consumer-to-consumer and business-to-consumer trade on the Internet. We believe OmniBazaar and CryptoBazaar will be able to compete aggressively with other online marketplaces by offering users more privacy, lower transaction fees and no merchant charge-backs.

Competitive Analysis

The competition that OmniBazaar will need to overcome will be other online shopping venues. Top examples, already mentioned in an earlier section, are Amazon, Alibaba, eBay, Rakuten, CraigsList.org, and barter networks.

eBay charges small sellers who do not pay a monthly subscription fee a “final value fee” of 10% of the final selling price of each item listed, plus a variety of additional optional fees for improved exposure, visibility, designs, subtitles, international services, etc. In addition, if payment is transacted through eBay's subsidiary, PayPal, the cost to the merchant may be another 2.7 to 3.5% (plus a transaction fee) for each

transaction under \$3000. Therefore, it is possible for eBay merchants to pay as much 15% of their total sales revenue to the venue. Active sellers who subscribe for \$19.95 to \$199.95 qualify for “final value fees” ranging from 4 to 9%.

Despite standard transaction fees of up to 10 to 15%, eBay's projected Gross Merchandise Volume (GMV) for fiscal year 2016 is expected to top \$85 billion. This shows that the market for this type of service is huge. We believe OmniBazaar can be extremely competitive in this market.

Similarly, Amazon charges a “referral fee” of 8 to 15%, on almost all categories of products, for sellers who list on Amazon but pack and ship merchandise themselves. We believe that many merchants will prefer a 0.5% transaction fee, cryptocurrency payments, and more privacy, and will list on OmniBazaar instead of (or along with) Amazon. These merchants would be able make more money, while charging significantly lower prices. These lower prices should make buyers willing to pay the other 0.5% of the total transaction fees.

We expect OmniBazaar to be profitable while receiving one half of one percent of the final selling price on each transaction — a small fraction of Amazon’s or eBay's fees. This is possible because all of the infrastructure, storage, bandwidth, computing power, transaction processing, escrow services, and infrastructure expenses will be distributed among, and provided by, users of the marketplace.

We believe that OmniBazaar can also be competitive with CraigsList.org, despite the fact that almost all listings on CraigsList are free. OmniBazaar will provide several valuable services that are not available to CraigsList users, including a simple built-in payment system, better privacy, an available escrow system, and a social networking system. We believe that many people who have used or would use CraigsList will be willing to pay 0.5% (as either the buyer or the seller) to obtain these advantages.

OmniBazaar should be able to compete easily with existing barter networks. Most barter companies charge transaction fees of 10 to 15% (often split between the buyer and the seller), usually charge a monthly fee, and often charge a fee to join. All transactions are brokered by, and pass through the barter company, and are conducted in “credits” issued and controlled by the barter company (or a larger barter network). These “credits” or “currency units” are usually not easily convertible to cash. Because the barter company is acting as a broker in every transaction, US tax law requires the barter company to track all transactions and provide 1099 income statements to all users, for all barter income. OmniBazaar, on the other hand, will charge users only 1%, split between buyers and sellers, will have no monthly fees or fees to join, and will enable users to transact business using cryptocurrencies that are readily exchangeable

for cash. And, because all transactions will take place directly between the buyers and sellers, using a cryptocurrency payment system, there is no practical way for OmniBazaar to track transactions or provide tax information to users.

Marketing Strategy

We recognize that acquiring active user, listings, and transactions in the marketplace is critical to the success of OmniBazaar. For this reason, we have developed a strategic plan for acquiring users. This plan involves offering cash incentives that directly translate to new users and marketplace transactions.

Just as Uber has acquired millions of new users by offering free rides, we intend to attract new users by giving free OmniCoins to new users when they join.

In order for those OmniCoins represent real value for the users who receive them, we also intend to offer to repurchase OmniCoins for bitcoins, at a specific exchange rate, in the OmniBazaar marketplace, on one or more cryptocurrency exchanges, or both. *Keeping this “market-making” exchange window open will be the primary use of the investment funds obtained in the current round of fundraising.*

Our financial projections take into account our expectation that, in the beginning, most new users will immediately sell their OmniCoins for bitcoins, and that they may also immediately leave the marketplace. But, we also expect and project that, over time, an increasing percentage of users will see the value of the OmniBazaar marketplace and the OmniCoin currency, and will hold onto some or all of their OmniCoins.

The OmniCoins that are distributed in this manner will be generated in the same manner, and at the same time, as the “mining” rewards that most cryptocurrencies pay transaction processors (“miners”). This strategy has the added benefit of releasing OmniCoins to a larger number of users, instead of only a small group of miners.

We will also distribute OmniCoins to users who refer their friends, and when those users make their first sale in the marketplace. We believe this will provide enough incentive to cause a significant numbers of people to install and use the OmniBazaar marketplace.

After the initial distribution of user acquisition bonuses has concluded, users who introduce new users to OmniBazaar will receive a portion of the transaction fees resulting from all transactions of the introduced user, for as long as both the introduced user and the introducing user are active in the network. OmniBazaar tracks this

“introduction” relationship, and automatically pays the incentive payment at the time such transactions are processed.

These two “introduction incentives” are a central element of the OmniBazaar marketing and growth strategy.

Even in the absence of an “introduction incentive”, we believe that personal referrals and “word-of-mouth” would still be the primary engines of growth for OmniBazaar. eBay and Craigslist achieved most of the growth of their user bases not by national advertising campaigns, but by person-to-person recommendations. By rewarding personal recommendations that result in new users, OmniBazaar will provide even more incentive for existing users to tell their friends.

Revenue Model

OmniBazaar, Inc. will generate revenues via the following:

- Founders’ Reward (from transaction processing block reward)
- Software Maintenance Fees from marketplace transactions
- Software Sales (CryptoBazaar upgrade)
- Software Maintenance Fees from currency exchange transactions

The business will operate as a software publishing company, and will not itself provide network servers, data storage, transaction processing, brokerage, escrow, exchange, or communication services. The business will only provide computer software development and maintenance. The software will enable users of a peer-to-peer network to mutually provide these services for each other.

Total Projected Annual Revenues

	Year 1	Year 2	Year 3	Year 4	Year 5
Fees from Market Transactions	\$2,601	\$170,223	\$1,983,007	\$10,326,349	\$40,468,231
Fees from Currency Exchange	\$0	\$178,781	\$991,942	\$2,642,252	\$6,363,982
CryptoBazaar Software Upgrades	\$0	\$1,524,460	\$4,542,180	\$10,045,980	\$15,900,940
Founders' Reward (OmniCoin reserves)	\$631,152	\$631,152	\$631,152	\$631,152	\$0
Total Revenues	\$633,753	\$2,504,615	\$8,148,281	\$23,645,733	\$62,733,153

Start-up Summary

Concept development, patent, incorporation, business plan, private placement memorandum, and software prototype development costs have been financed by founding shareholders' investments and loans.

Funds from the current \$1,000,000 offering will be used primarily to fuel the [influencer marketing](#) user acquisition system. About 25% will be used to further develop and improve the marketplace software, and to operate the business prior to break-even.

Table: Start-up

Startup	
Repay loans and development expenses	\$150,000
Expenses	
Legal	\$5,000
Office, Stationery, etc.	\$5,000
Insurance	\$5,000
Rent/Utilities	\$5,000
Computer	\$5,000
Telephone/Internet	\$5,000
Software Developers	\$50,000
Salaries	\$150,000
Design/Marketing/PR	\$10,000
Other	\$10,000
Total Startup Expenses	\$250,000
User Acquisition	
Assets for User Acquisition	\$600,000
Other Current Assets	
Long-term Assets	\$0
Total Assets	\$600,000
Total Requirements	\$1,000,000

Start-up Funding

Our current funding plan entails offering investors up to ten million (10,000,000) shares of Preferred Stock at \$0.10 per share, in an offering targeted to raise at least \$1,000,000, in the seed financing round. These ten million shares represent twenty percent of the fully-diluted shares of the company. If necessary, we are prepared to raise an additional three to five million dollars in a subsequent funding round, at a higher cost per share, primarily as a means to fund acquisition of additional users.

If our sales forecasts are accurate or conservative, only one round of funding prior to an Initial Public Offering (IPO) may be necessary. We project that OmniBazaar will produce sufficient cash flow quickly, so that subsequent rounds of private financing may not be necessary.

Use of Funds

The primary uses of this funding include:

- Reimburse Product Development: \$150,000
- Operations and Staffing: \$250,000
- User Acquisition / Marketing: \$600,000

Projected Profit and Loss

During the first 48 months after launch of the applications, OmniBazaar, Inc. will receive 52.6 million OmniCoins per month as a Founders' Reward. When and if these coins can be converted to cash we project that they will result in about \$52,000 of monthly income. This amount is included in projected revenues.

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues	\$633,753	\$2,504,615	\$8,148,281	\$23,645,733	\$62,733,153
User Acquisition	\$237,945	\$521,557	\$608,060	\$0	\$0
Gross Profit	\$395,808	\$1,983,059	\$7,540,221	\$23,645,733	\$62,733,153
Gross Profit (%)	62.5%	79.2%	92.5%	100.0%	100.0%
Other Expenses	\$503,400	\$534,740	\$599,392	\$706,905	\$746,628
EBITDA	(\$107,592)	\$1,448,319	\$6,940,829	\$22,938,828	\$61,986,524
Depreciation	\$10,000	\$20,000	\$20,000	\$20,000	\$20,000
Amortization	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Preliminary Exp Written off	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Interest Expense	\$0	\$0	\$0	\$0	\$0
Income Tax Expense	\$0	\$475,200	\$2,618,500	\$8,697,800	\$23,535,900
Net Income	(\$147,592)	\$923,119	\$4,272,329	\$14,191,028	\$38,400,624

Infrastructure, personnel and other expenses are projected to remain low in subsequent years, because OmniBazaar will not be required to provide computing power, data storage, network bandwidth, or other services for the operation of the peer-to-peer marketplace.

The two largest expense items in the third and subsequent years are expected to be taxes. As previously discussed, we intend to use all available cash during the first three years to support and maintain the user acquisition program. The amount of cash required to continue that program will be determined by the market price of OmniCoins.

Team

Richard Crites is Founder, majority shareholder in OmniBazaar, Inc., and designer of the OmniBazaar marketplace software and system. He has a master's degree in Aerospace Engineering from Stanford University, 30+ years of entrepreneurial business management experience, 15 years of financial services experience, and 5 years of recent experience managing software development.

William Moon holds an MBA in Finance from the Stanford University Graduate School of Business, and is a Chartered Financial Analyst (CFA). He has over 30 years of experience in finance, including 17 years as Chief Financial Officer of Internet and technology companies. In addition, he has been a top performing analyst in the stock market with oversight on managed funds in the market.

David Crites has an MBA from Northwestern University's Kellogg School of Management, a Bachelor's degree in Electrical Engineering, 15 years of experience in software, electronics, and semiconductor industries, and experience drafting and prosecuting patents.

Chuck Koch has a Bachelor's degree in Electrical Engineering and 25 years of leadership in Business Development, Sales Management, and Marketing in telecommunications and Internet technology companies (Hewlett Packard, Agilent, and Digital Lightwave).