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INDUSTRY

Finance

Technology

R&D TIMING & MILESTONES

- MAR 2018:**
Ledgerium Established
- NOV 2018:**
Minimal Viable Product (MVP) Release
Patent Lodged
- DEC 2018:**
Launch Public Testnet
Enable Private Transactions
- Q1 2019:**
Limited Release
Launch Public Mainnet
Wallet Release
- Q2 2019:**
Beta Release inc. Web Front End
- Q3 2019:**
General Release
Mobile Apps
1-click deployments
End to End integrations with leading accounting software

FUNDING OPPORTUNITY

\$1m for 18.2% equity

CURRENT INVESTORS

Ledgerium Management
\$200K - 90% equity

Private Investor (Seed)
\$500K - 10% equity

CURRENT SITUATION AND OPPORTUNITY

The auditing process relies on transaction confirmations between multiple parties, which is slow, unreliable and subject to fraud (see Table 1). Magnify this by hundreds and thousands of transactions per day and imagine the myriad of complexity in a typical business.

	Electronic Confirmations		Alternative Electronic Confirmations	Paper Confirmations
	Internal	External		
Response Rates	100%	50-60%	50-60%	71%
Avg. turnaround time (days)	1.08	3-5	3.5	21-40
Reconfirmation Rates	9.7%	20-25%	20-43%	43%
% of Transactions Confirmed	10-20%			

Table 1: Current Transaction Confirmation Process

As a result, the cost of doing an audit cost small business an average of \$5,000 per \$1 million of revenue per year, and despite this fraud still occurs, costing companies 5% of revenue.

The market for accounting and auditing industry last year was \$495B and growing at 5-10% annually (Australia \$20B, China \$12B, USA \$152B). Software alone accounted for \$16B with 67m subscribers worldwide (China \$4B and 24m subscribers).

PRODUCT/SOLUTION

Blockchain, the underlying technology behind Ledgerium, is a decentralised ledger that records data which is secured, tamper-proof and cannot be altered as it is managed by a consensus mechanism across the distributed network. Ledgerium is able to cut down auditing time and cost by capturing all transactions which occur in a company and storing it onto the distributed network. Doing this allows immediate data matching across various departments, and notify those that don't which could be due to mistakes or even fraud.

Moreover, Ledgerium is also able to data match with external parties (e.g. buyers/sellers and financial institutions), without compromising privacy as data is encrypted and cannot be manipulated. Identities are also given random addresses which is only known by the user and to those the user has disclosed to – and in the event of a breach, a new random address can be easily generated.

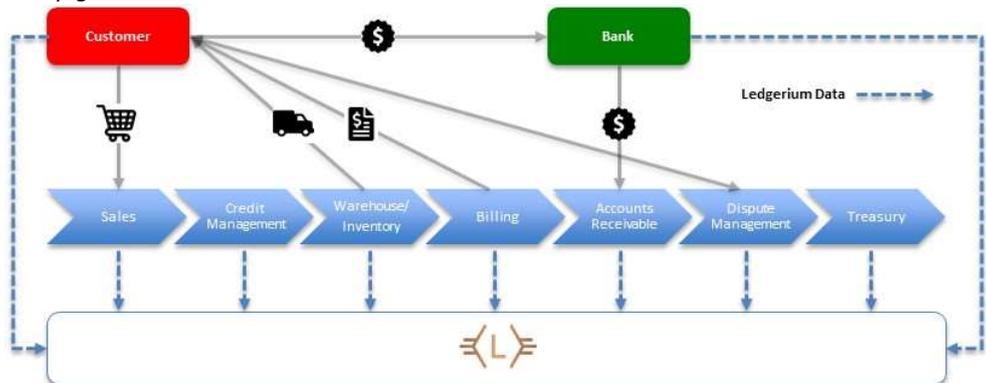


Fig 1: Current Process Flow Chart

Fig 1 demonstrates the complexity behind a typical purchasing transaction. The various processes and departments flow leads to slow audits, more mistake prone and opportunities for fraud. When Ledgerium captures all transactions throughout the flow, the audit process becomes immediate through its continuous matching process.

Ledgerium software platform is cloud based which can be easily integrated into any existing accounting software, and accessible across any devices including mobiles. This allows us to easily and directly tap into existing subscribers.

Subscription will start from \$10/mth, undercutting the current electronic confirmation method which charges \$25 per transaction.

	Ledgerium
Response Rates	100%
Average turnaround time (days)	Immediate
Reconfirmation Rates	<1%
% of Transactions Confirmed	100%
Cost	From \$10/mth

Table 2: Ledgerium Transaction Confirmation Process

NUMBER OF EMPLOYEES

 8 Developers

 3 Finance & Admin

MANAGEMENT

CEO – Adam Wang



Chartered accountant with 14 years of experience specialising in financial industry, super funds, F&B and software development. He also manages AUD 800m in super fund assets.

CTO – Faisal Mehmood



A.k.a. Electro within the blockchain community, has worked on blockchain projects such as Litecoin, Filecoin and Consensus. He also has over 12 years in the corporate world with Verizon, TRG, Afiniti, Noble Systems & Jiffy Apps.

COO – Ray Wang



Professional accountant with over 10 years of experience in both private and public sectors. He is also well versed in areas such as auditing, fin. compliance, internal control, budgeting and forecasting.

CIO – Kellson Ma



12 years of experience in software development within the education, telecom and energy sectors. He has led many projects dealing with service compliance issues, payment platforms, debt collection and service provisioning.

COMPETITIVE LANDSCAPE

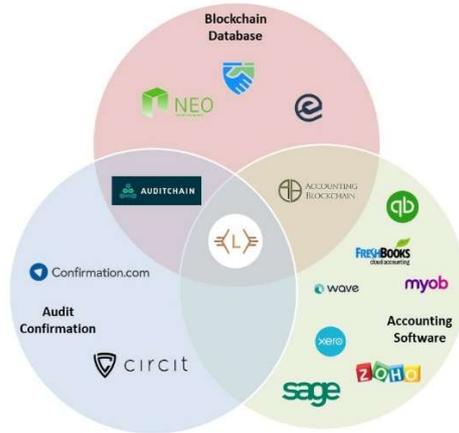


Fig 2: Competition

There are no direct competitors to Ledgerium currently in the market, but however Ledgerium services can be essentially split into three areas; Accounting Software, Audit Confirmations, Blockchain Database.

Accounting Software: Well established players in the market, so Ledgerium will allow seamless integration into their software instead of competing.

Audit Confirmation: Really only Confirmation.com plays in this market which they have majority share and is able to charge high prices.

Blockchain Database: Most of these companies are still in start-up phase

EXECUTION & GO TO MARKET STRATEGY

Ledgerium will be taking a 3-pillar strategy to accelerate product adoption:

1. Target the Consumer and Small Business segments through seamless integration on existing accounting software platforms. Also use accountants and auditors to promote and push the product.
2. Create strategic partnerships with governments and large enterprises. Enabling this would also accelerate adoption with our consumer & small business segments
3. Adoption rate of new technology is correlated to how well people understand and trust it. Our third pillar which is equally as important is education, either through our Merklize education program or other blockchain seminars/collaboration groups.

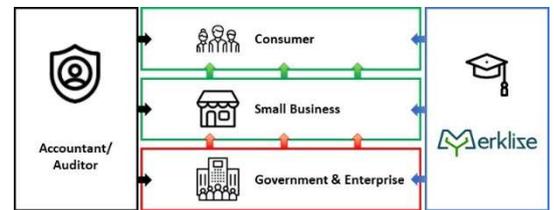


Fig 3: Execution Strategy

FINANCIAL INFORMATION

Year	FY19 (F)	FY20 (F)	FY21 (F)	FY22 (F)	FY23 (F)	FY24 (F)	FY25 (F)	FY26 (F)	FY27 (F)
Subscribers (,000)	1	4	21	39	43	94	188	341	570
Revenue (\$M)	\$0.57	\$1.32	\$6.53	\$15.58	\$21.34	\$35.67	\$73.54	\$138.00	\$237.51
Sales and Marketing (\$M)	\$0.16	\$0.59	\$3.16	\$5.79	\$6.48	\$14.03	\$28.24	\$51.09	\$85.45
R&D (\$M)	\$1.00	\$1.50	\$2.25	\$3.38	\$5.06	\$7.59	\$11.39	\$17.09	\$25.63
General and Admin (\$M)	\$0.50	\$0.75	\$1.13	\$1.69	\$2.53	\$3.80	\$5.70	\$8.54	\$12.81
Total Expenses (\$M)	\$1.66	\$2.84	\$6.54	\$10.86	\$14.07	\$25.42	\$45.33	\$76.72	\$123.90
EBITDA (\$M)	-\$1.10	-\$1.53	-\$0.00	\$4.72	\$7.27	\$10.25	\$28.21	\$61.28	\$113.61

Table 3: Financial Forecast

Revenue forecast is based off an ARPU of \$300 per year and a conservative SIO adoption rate observed by cloud accounting software company Xero. Sales and Marketing makes up majority of expenditure with an estimated cost of \$150 per SIO which is similar to Xero at \$160 per SIO. R&D cost is expected to grow 50% per year to enable Ledgerium to expand its product offering across other industries. Ledgerium is expected to be profitable by 2022

Using P/E ratio of similar SaaS companies of 30x, and 100% discount rate over 10 years, Ledgerium current valuation is \$5.5m. A \$1m investment will represent 18.2% equity and ROI of 1024x after 10 years.

USE OF FUNDS

60% of expenses will be on research and development alone, 10% on marketing and the remainder on general and administration expenses. Over time, we expect this mix to change with marketing expenses increasing to 70% of total expenses to drive greater adoption.

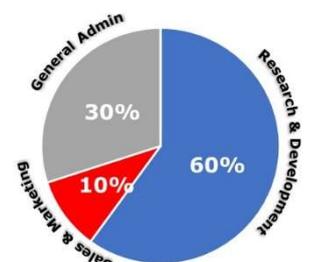


Fig 4: Expense Distribution