

2 February 2022



sonGain

Whitepaper

Building together the future of the music industry
A universe in NFATs



sonGain

sonGain connects music artists with fan investors so that together they can lead the path to the future of the music industry, distributing royalties through Blockchain technology.

Intro.

sonGain's main objective is to help musical artists achieve success in their professional careers and to reward fans and investors who believe in them through smart contracts, NFTs, fair distribution of royalties, and fundraising systems that consolidate their long-term careers. Which makes sonGain the connecting bridge between creators and investors.

If you want to belong to a community that seeks to disrupt the current business model of the music industry and the rules of the game, putting them in favor of creators and fans, supported by blockchain technology, guaranteeing transparency and fair payments for royalties, then you are in the right place.

Continue reading about what sonGain is coming up with...



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1- Approach

The global market for recorded music grew by 7.4% in 2020, the sixth consecutive year of growth, according to IFPI, the organization representing the recorded music industry worldwide. Figures released today in IFPI's Global Music Report show that total revenues for 2020 were \$21.6 billion.

Growth was driven mainly by revenues generated through paid subscription streaming, which increased by 18.5%. By the end of 2020, subscription account users numbered 443 million. Total streaming (including paid subscription and advertising-supported) grew 19.9% to \$13.4 billion, or 62.1% of total global recorded music revenue. Streaming revenue growth more than offset declines in revenue from other formats, including physical revenue, which declined 4.7%; and performing rights revenue, which declined 10.1%, largely as a result of the COVID-19 pandemic.

Approximately only 12% of the artists manage to take a good part of the income generated by their musical work, which is a big problem in this industry, creators face all kinds of obstacles, among them high music production costs, limited budget for promotion, as well as lack of tools that allow a more direct and fairer distribution of royalties.

Currently there are no concrete solutions that allow artists to raise funds and share royalties among those involved in a musical piece (performers, arrangers, phonogram owners, producers, composers and authors), even the effort of crowdfunding platforms is insufficient to solve the problem and give credit to fans who bet on more and better content from their favorite artist. It is with great enthusiasm that we present sonGain, a web platform that works on blockchain technology and that comes to provide the solutions that artists and fans are waiting for.

2- Current issues

We see a number of specific challenges facing artists and fans today::

1. Little or no transparency on the origin of payments to artists (e.g., number of reproductions).
2. Incomplete data on property rights generates a gray area in the payment of royalties to those involved in the creation of the musical piece.
3. Multiple layers of third-parties and long waiting times result in delays in payment to those involved in the musical piece.
4. Complicated and non-transparent publication rights avoid the industry to generate transparent and accurate rights data.
5. Insufficient musical assets for the artist to finance his professional career.
6. Lack of interest of financial entities to grant loans in exchange for future royalties.
7. Fans who currently support their artists do not receive incomes from the artist they support.
8. Crowdfunding tools fail to connect the fan with the artist's assets.
9. Current collectible NFTs are valued by speculation and not by real value. (fiat money)

3- Solutions provided by sonGain

sonGain allows musical artists to connect with investor fans and, through Blockchain technology, to mint NFATs (Non-Fungible Artist Tokens) to raise funds and make the investor fan participate in the profits of what their music generates in music stores and streaming platforms. sonGain allows the artist to distribute their music in international stores, offer shares of their career in NFATs format and receive payments directly to their wallet and that of their fan investors, according to the following plan:

1. Distribution of the artist's music to stores with the metadata of those involved in the musical work.
2. Payment of royalties directly to the wallets of those involved according to smart contract.



3. Technology to mint NFATs of the Artist and connect them with their profile (Artist ID) which are connected with the UPC codes of the Artist's works in online stores
4. Launchpad to offer NFATs to investor fans in exchange for a percentage share of the royalties generated by the songs playing online, download and streaming stores
5. Marketplace for the purchase and resale of NFATs acquired in INO (Initial NFAT Offering) initial offer
6. Artist Scoring to measure the risks when investing in an Artist.
7. Automatic royalty distribution service for independent labels.

The sonGain platform is under development and today has a catalog of artists who have joined in the first stage. We are committed to a robust community of artists, fans, investors and listeners, where everyone wins.

sonGain proposes as a solution to these problems a decentralized platform to distribute music, raise funds through NFATs and distribute the royalties to all those involved: creators, participants in the musical work and investors. Making it possible for everyone to win while the artist's career grows thanks to the investment made.

sonGain connects artists and investing fans in a direct way with the incentives, contributing and aiming at the success of the artistic career as a crucial objective, guided by the following:

1. Artists raise funds for their music careers by selling stock through NFATs
2. The NFATs that artists use to raise their funds are backed by the royalties that their songs generate in online, download and streaming stores
3. Artists must create a profile to publicize their career and the goals to be achieved once the funds are raised
4. As a guarantee to the fan investor, the artist must have music distributed through sonGain.



5. The investing fans can see the catalog of artists and decide who to support according to the data generated as a community, reproductions and road map presented by the artist

6. The investing fan receives royalties from the artist immediately once he invests, since he has content distributed on sonGain as collateral.

sonGain as a platform allows artists and fan investors to collectively provide a growth experience on a centralized infrastructure for the transmission of musical works and a decentralized one for the collection of the royalties they generate. sonGain has a series of components that mesh perfectly, we tell you how:

1. Distribution: the artist must distribute their songs to international stores through sonGain, this way the UPC codes that are generated can be traceable and connected to the Artists ID which connects the NFATs through smart contracts; this is the right way to distribute the royalties between those involved in the musical piece and the fan investor.

2. Smart Contracts (blockchain program): Smart contracts are a fundamental part of sonGain's business model, since through them royalty payments will be made automatically to all those involved in the NFATs, that is to say, creators, labels, producers, performers and investors. These royalties are generated in stores such as Spotify, Deezer, Apple music, iTunes, and Amazon Music among others.

3. Launchpad: It is the place where artists issue INO (Initial NFAT Offering) in order to raise the necessary funds for their musical career.

4. Marketplace: It has two functions, to raise the funds for the artist and to make it possible for the investing fans to sell their NFTs to secondary markets once they are revalued or the owner decides to trade them.

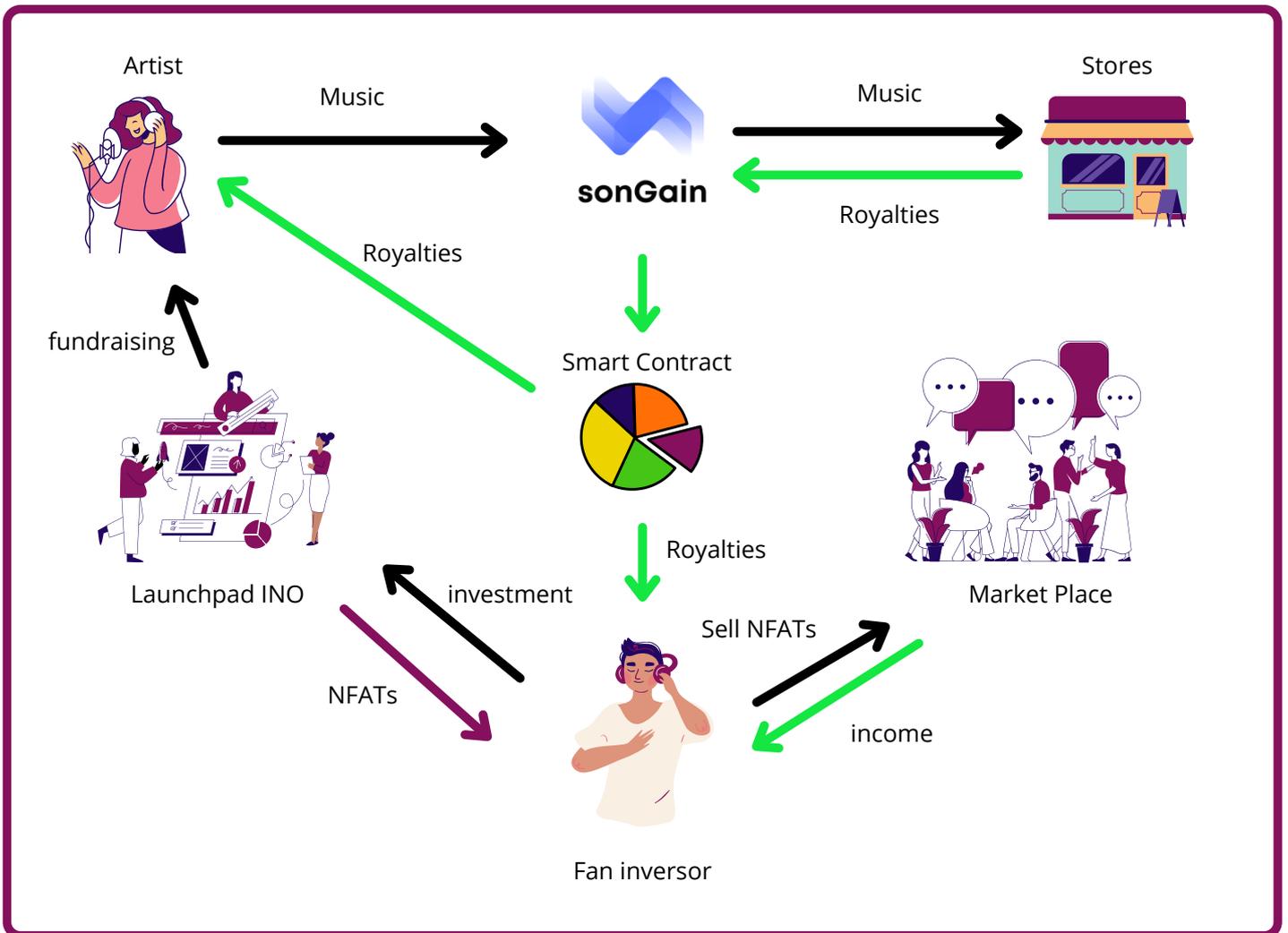
5. Control panel: There should be a site within the profile of the artist and the fan investor where they can see how their earnings are growing, the number of plays, stores, and places with more success. In this way, both investors and artists will be able to communicate and cooperate in the implementation of better growth strategies.

6. Artist - Investor Fan private chat: in sonGain artist and investor fans will have direct communication to share details related to their professional growth, hold meetings, network, exchange ideas for promotion, merchandising and needs of investor fans, among others.

7. Education: at sonGain, we understand that the crypto and blockchain (web 3.0) world is still unknown to many. That is why within our platform both the artist and the fan investor will have access to tutorials and courses on these topics and specific topics of the music industry.

sonGain creates a space where shared success directly benefits users: artists, fans, investors, producers, managers, and creators

We build together the future of the music industry, a universe in NFTs.





4- Traction

For our beta launch, projected for 3Q in 2022, sonGain has a catalog of approximately 1200 songs and approximately 80 artists. We project by the end of 2023 to have more than 12 thousand artists and fans monthly active investors and more than half a million dollars distributed in royalties.

5- NFATs sonGain model

Unlike other NFTs, minting within sonGain offers buyers a share in the phonogram rights to the music. These innovative NFTs will generate monthly royalty income and increase in value as an artist's career progresses.

Owners of artists' NFTs on sonGain can track this passive income and withdraw their earnings directly from their sonGain account. In addition, they will be tradable on the sonGain Marketplace.

sonGain provides the artist with the tools to create their NFATs and sell them as career shares and backed by their assets (musical pieces in stores), these NFTs fulfill three objectives:

1. Copyright is untouchable for sonGain and its investors, it is our commitment to artists and creators to protect these rights, the author must ensure the proper registration of his musical piece before initiating relations with sonGain.
2. The artist publishes his initial offer in the Launchpad to the investing fans, who by buying become participants of a percentage of the profits of what his music produces in stores for phonogram rights and that the artist has previously configured. With this, the artist will be able to raise the necessary funds to invest in his professional career.
3. The fan investor in addition to supporting the future of an artist, will receive directly to his wallet the income generated by the music that the artist distributes to stores with sonGain. When the fan investor wishes to sell his NFTs he will have the option in the same marketplace.

In order for both parties to be interested in working together effectively and with common goals, there needs to be an incentive structure in place, including receiving a higher percentage of royalties based on the growth of the investment community and/or artists with higher credibility based on an objective score (ranking).

6- Artist investment plan.

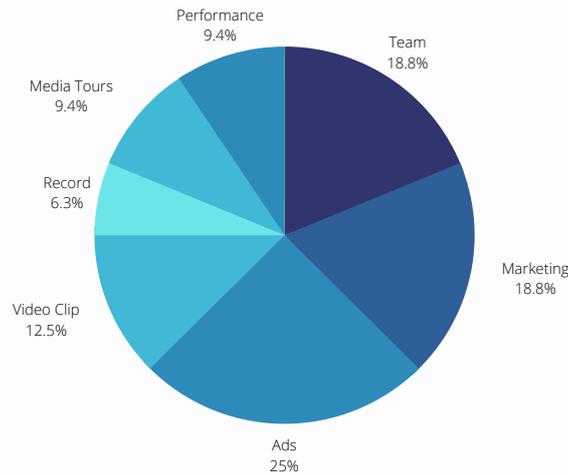
The artist must provide a public investment plan before each collection in order to inform potential investor fans about the destination of the funds to be collected and the corresponding times for their execution (Roadmap), all this information will be available through the profile that each artist will have on the launchpad.

The details of the fundraising process by artist are summarized below:

- The artist may make one INO (Initial NFAT offer) per year with a maximum supply of 2,000 NFATs
- The artist may raise funds for a period of 5 continuous years
- The total number of NFATs issued per artist will be 10,000 after 5 years
- The artist will be able to assign a percentage from 1% to 100% of their royalties distributed among the number of NFATs issued, according to the configuration of the smart contract
- The price for NFAT will be assigned by each artist according to the initial collection goals set for the year, always taking into account the maximum amount of agreed supply.

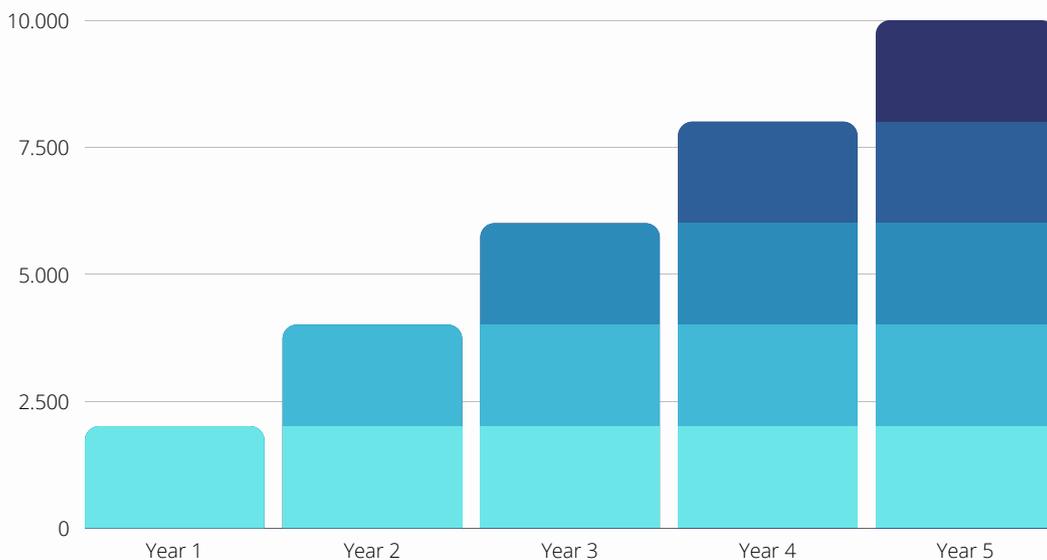
Example of distribution of funds raised by the artist in the INO:

An example of how an artist will distribute the funds raised at the INO is shown in the attached pie chart.



5-year projection of an artist's investment plan:

The attached bar graph shows the annual collection possibilities that each artist will have (light blue bar), we are talking about an INO (Initial NFAT offer) per year with a maximum supply of 2,000 NFATs and at the end of 5 years the artist you will have completed a total supply of up to 10,000 NFATs.





Other metrics such as number of plays, amount of music distributed, amount of income generated, among others, will be shown by the songain system by default, without the artist having to do it manually.

7- Community tools

At sonGain, the artist and investor community will have the following tools to help them make decisions:

1. **Artist Scoring:** the public profile of each artist will have visual information and text recommendations from sonGain for the investing fans. This system will work as a thermometer to measure the quality of investment and its risks. The artist will have to meet certain requirements to obtain a score that will guide the perception of trustworthiness for the investing fans.
2. **Artist profile:** the public profile of an artist to raise funds through their NFATs will contain all the information related to their career, such as: presentation video, road map of the artist's career, achievements, social networks, direct links to popular music platforms, additional videos, features of the NFATs to sell, fundraising target to reach, artist scoring provided by the platform.
3. **Guarantee:** to ensure that the NFTs purchased by the fan investor have a tangible value in the marketplace, the artist must have at least one album containing 10 songs previously distributed within sonGain and generating revenue.
4. **Trust:** more trust is equal to more commitment and assets related to the artist when issuing their NFTs, therefore the level of risk when investing in an artist will be lower if the artist has more assets (music) as collateral, example: low-risk artist 150 songs distributed - highrisk artist 10 songs distributed.
5. **Management:** through our platform, sonGain provides managers with a tool that will allow them to offer their management services in support of artists who need to manage their musical career, and to contribute with their expertise in fundraising for further investments.

8- Stable cryptocurrency payments

The sonGain community will receive payments in stable coins.

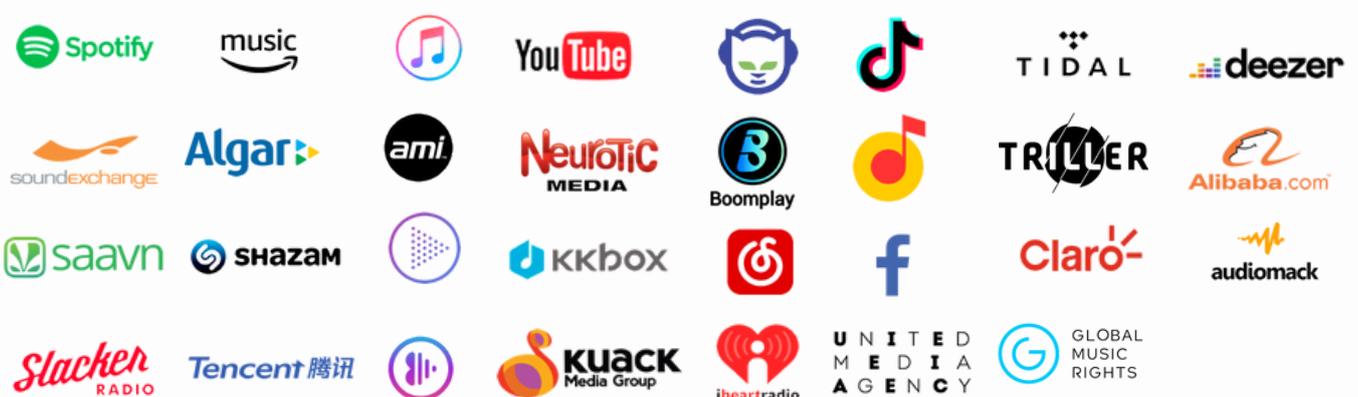
The investment rounds for the purchase of NFTs will be received in stable coins and the artist will decide whether to convert them into other currencies of their choice.

In short, both investment and royalty income will be paid with cryptocurrencies that are stably priced, providing a stable unit of account to ensure that artists and fan investors can participate in the sonGain economy without worrying about price volatility. Stable currencies are freely divisible and transferable, allowing for highly divisible micropayments. This makes it easy for artists to set custom rates and for investing fans to receive fractional payments with little friction or rounding. A protocol fee can be captured as a percentage of stable coin transactions, including payments from investing fans and to artists.

sonGain does not specialize in being an exchange nor does it pretend to be a space for cryptocurrency speculation, our mission is to help both music artists and investing fans to create a more participatory and win-win music industry, with direct payments to the wallets of the holders.

9- Music distribution

In order for an investing fan to access the artist's content, listen and enjoy their musical pieces, sonGain provides the distribution platform to the most popular streaming and download stores, including related rights, claim stores such as SoundExchange.





To make sonGain work, we have created a dual mechanism (decentralized and centralized) to ensure that we can comply with the relevant regulations and that the expectations of artists and investing fans are met satisfactorily.

10- Centralized Model

- Music in international stores. (32 stores in the first phase)
- ISRC codes. International Standard Recording Code or ISRC is an international code administered by IFPI (International Federation of Phonographic Producers) that serves to uniquely identify audio and music video recordings.
- Thanks to this code, digital stores, and sonGain can keep track of each song, both during the distribution process and for sales management. This code is embedded in the master of the mastering process and remains linked to that version of the recording forever. In case there is a remix of that song or a different version a different ISRC code should be assigned to that new version.
- The UPC (Universal Product Code) is a unique number designed to uniquely identify any object and is generated under the EAN13 or GS1 standard. The most common name for the UPC code is "barcode". Digital stores use this code to be able to track the digital sales of each Album, EP or Single that the artist distributes from sonGain.

11- Decentralized Model

- Through blockchain technology, it is possible to correctly and transparently check the payment history, traceability of royalties, and percentages assigned to those involved in the musical piece, among other things.
- NFTs are connected to the UPC and ISRC codes of the songs, so it is possible to know the value of your asset-backed by real music content, which generates real money (Fiat) from online stores.



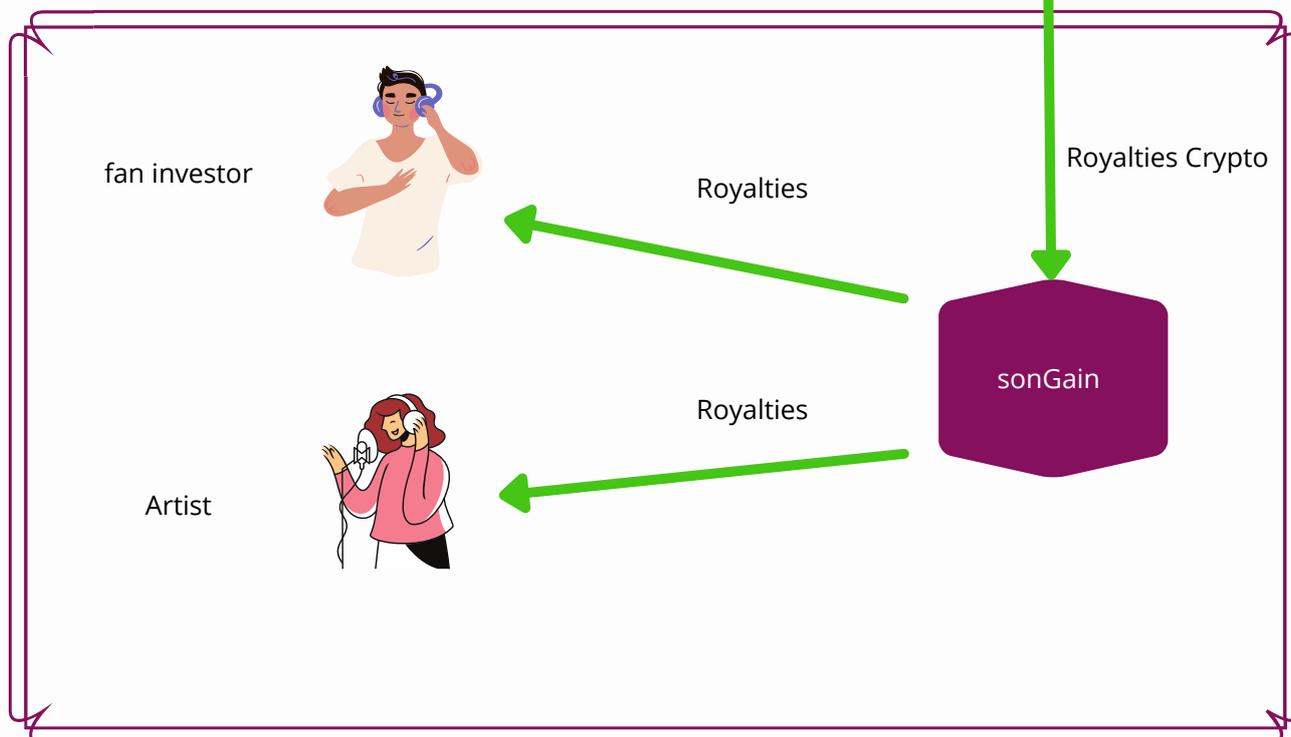
sonGain

- The NFATs are connected to a unique indicator (Artist ID) and this ID in turn is connected to the UPC and ISRC codes of the songs, by which it is possible to know the value of your asset backed by real musical content, which generates real money (Fiat) from online stores

Centralized mode



Decentralized mode



12- Technology

Solana

Solana is a public BlockChain platform, which reaches consensus using the third generation Proof-of-Stake (PoS) mechanism. It integrates a unique mechanism to create a trust and security system; in order to be able to determine the time of a transaction called Proof-of-History (PoH).

While other blockchains require all validators to communicate at once to determine the validation of a block, in Solana, each validator has an integrated clock system that speeds up the process. In other words, Solana does not require confirmation from the entire network before further validating blocks, making the PoH protocol an enviable advancement in network structure, both in terms of speed and scalability.

Solana is, in simple terms, an alternative blockchain to Ethereum that started to gain relevance due to lower trading fees.

Positive aspects of Solana:

- **Transactional speed:** Solana is the fastest blockchain in the world, with block times of 400 milliseconds, and as the hardware gets faster, so does the network.
- **More transactions per second:** as of today, Solana records a total of 65,000 transactions per second (TPS), avoiding congestion and transaction delays.
- **Low cost per transaction:** its scalability allows your transactions to remain below \$0.01 at all times for both developers and users
- **Decentralization:** in addition to being ultra-fast and affordable, it also advocates decentralization; that is, the network will be open for applications to run at all times and transactions will never stop.
- **Global scale:** once applications (dApps) are integrated into your network, Solana ensures compatibility between projects, thus maintaining a robust global network as it grows.

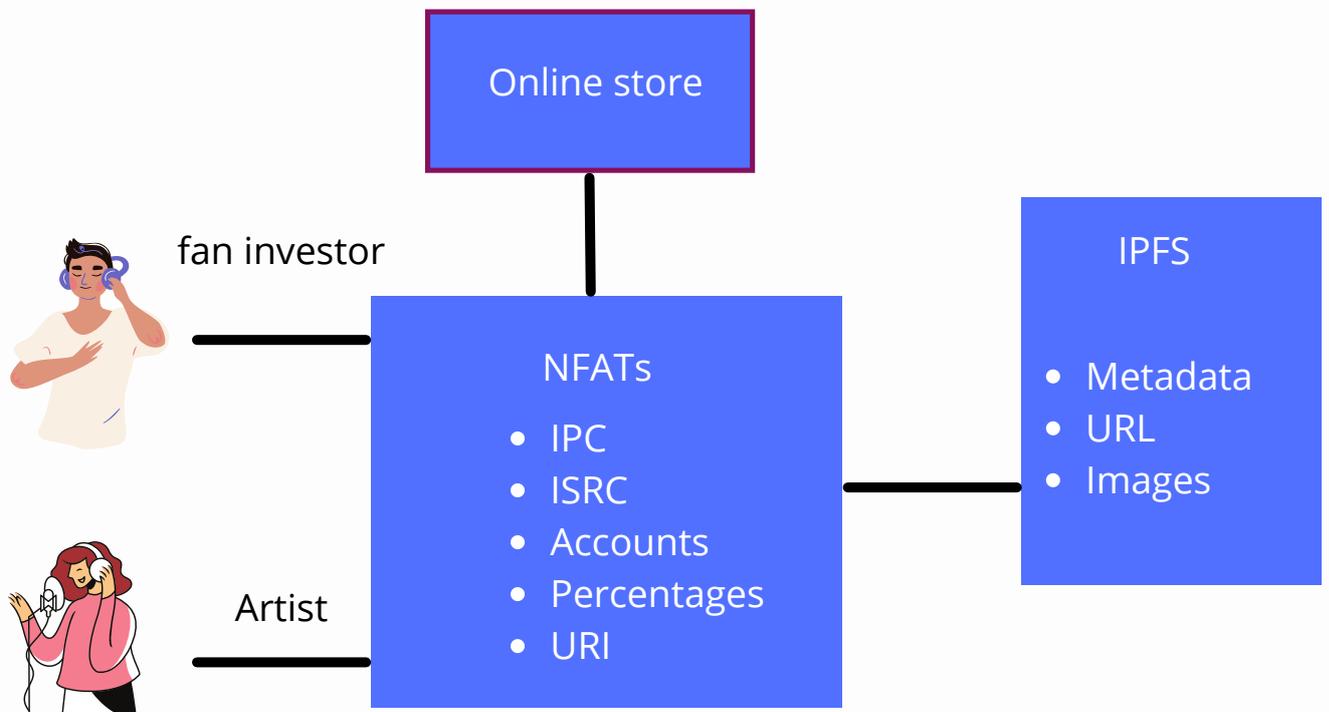
The Solana protocol is intended to serve both small users and enterprise customers. And with its ultra-fast processing times, Solana has caught the attention of institutional investors. With the promise that those who use it will not be surprised by increased fees, the protocol is designed in such a way as to have low transaction costs while ensuring scalability and fast processing.

sonGain's NFAT

Our NFT is a smart contract that distributes the revenue generated from online music store plays to artists, creators and investing fans.

The smart contract (NFT) has the data of those involved in the creation of the work and the fan investor. With their respective account (Wallet), when the profits are withdrawn, the profits are distributed with the percentages previously entered in the NFT smart contract, which brings a new level of transparency and clarity to the music industry through Solana's blockchain.

The smart contract (NFT) has the distribution business rules which is programmed with the Rust or C language. sonGain also stores and distributes all the metadata that is related to the artist through a decentralized P2P file distribution system known as Inter-Planetary File System (IPFS).



13- Genesis Collection

To culminate the development of the first phase of the project, sonGain has created the Genesis collection. It is a collection of 5,000 unique NFTs, generated by more than 52 attributes and stored in the Solana network.

The collection's character is based on icons of musical history and legendary eras, illustrated by the talented artist Maria Navarro, who is part of the sonGain team and is contributing her art to create the NFTs of the Genesis collection by hand.

"My artistic name is mavesark, I am an illustrator who is breaking new ground in her strokes to create new worlds. The genesis collection for sonGain's NFTs, is inspired by music, its history and the impact it has on our lives, the art of speaking from the heart in rhythms and beats".

In addition to raising capital for each NFT, at sonGain we have designed a series of benefits for their holders and provide them with a utility, granting VIP access to a series of privileges. Below we tell you a little more about what you will get as an owner of NFTs from sonGain's Genesis collection:

Utility and Benefits for sonGain Genesis Holders:

- Access to the sonGain BETA
- Staking Rewards based on 1%-10% of sonGain Platforms fees
- Exclusive access for Holders (INOs, Information, Chats with the team, etc)
- And many more privileges as the project evolves.

14- Road Map

Let's now look at a breakdown of the future, sonGain's processes and the estimated time of execution, once the collection is achieved through the Genesis collection.

1Q 2022

1. Songain Whitepaper Live
2. Songain Website Live
3. Songain Genesis Collection WhiteList Closed
4. Songain Genesis Collection Pre-sale

2Q 2022

1. Public sale of sonGain Genesis Collection
2. Smart contract architecture for the Launchpad and Marketplace.
3. Alpha Phase of the Launchpad and Marketplace
4. Beta Testing of the Launchpad and Marketplace

3Q 2022

1. Tokenomics of \$SGAIN
2. IDO for \$SGAIN
3. Launchpad y Marketplace Live con Token
4. \$SGAIN Rewards Live

4Q 2022

1. Official Platform Promotion
2. Profile development for management service (Virtual Office for Managers)
3. Development of the decentralized publisher

1Q 2023

1. Launch of the decentralized publisher
2. Implementation of advertisers in the Marketplace
3. Development of platform for online concerts
4. Payment system for online concerts

2Q 2023

1. Launch of online concert platform
2. Creation of VIP areas for holders of artist NFATs
3. Creation of sonGain referral program

3Q 2023

1. Launch of referral program
2. VIP area beta for artist NFT holders
3. Creation of special sonGain collection for Attraction Marketing
4. Search for strategic alliances with NON-blockchain platforms to generate privileges for NFT holders (in exchange for unpaid advertising)

4Q 2023

1. Announcements about strategic marketing plans for the year 2024.

15- Future work

We anticipate that the community will create an economy based on incentives for royalty payments, purchase and sale of NFATs of musical artists, who, thanks to the contribution of their fans, will be growing their professional careers and therefore their NFAT assets.

That is why a constant work; It will be to improve user interfaces, reports and guarantees for user safety, which would allow the artist and the investor fan to access a clean interface with valuable information to track their NFATs assets. sonGain will be working to reward the community that adds value, both in investment and in NFAT content, this contribution is focused on promoting, above all things, equity between artists and investing fans.

Although our focus is Latin America as the epicenter of musical artists, we will have phases in the medium and long term, with marketing strategies to drive the community of artists to grow more and more and reach new audiences around the world. sonGain is a global platform whose vision is to be able to change the music business model by leveraging blockchain technology and backing artists' NFATs with real value (fiat money).

Conclusions.

The music market and industry are rapidly moving towards decentralization thanks to Blockchain technology, with good royalties and smart contracts as key tools.

Every day we see more and more NFTs that lack real value, at sonGain, we work under the premise of real musical productions that support NFTs and provide a real possibility of generating attractive royalties.

sonGain is a project that offers security, transparency and ease, supported by the magic of the Blockchain and its power to verify the authenticity of something and be able to tell a narrative, a real story behind that something. sonGain's Genesis collection of NFTs is an investment in the careers of real people and that value is incalculable.

We have identified a need that points towards reinvention, towards the search for more and better benefits for artists, fans, streaming platforms, record labels, production companies and all those involved in general, sonGain's main interest is that everyone makes good money.

A crucially important goal for everyone at sonGain is to be seen as a solid project that delivers on the promise of transforming the current music business model that artists, fan investors, partners and the entire music industry have been waiting for.

The entire sonGain team is highly motivated and focused on delivering a project that believes in the protection of authors' rights, in working with real products (musical pieces) that generate real money (Fiat) and therefore sustains the liquidity of the business model, in eliminating intermediaries and minimal royalties, in the synergy of organic communities created by the artist in streaming platforms and RRSS, as well as in supporting real assets (NFTs).

To all of the above, ask yourself the following question: Will you stay out or will you make the decision to be part of the new way of building together the future of the music industry?



sonGain

Building together the future of the music industry

A universe in NFATs