

la'zooz white paper

La'Zooz White Paper

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This document has been prepared, and is being updated, collaboratively by the members of the La'Zooz community in order to update all interested parties and individuals about the “Whats and Hows” in La'Zooz community, products and projects. Although the members of the community are doing their best to make this document accurate and complete, there can be no assurances in this regard.

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Background

Transportation is one of the final basic needs of society which have yet to go through the Information Technology (IT) revolution. Modern private transportation is often wasteful, time consuming, and unsustainable, as the majority of the energy expended by personal vehicles is directed towards transporting empty seats and cargo space. This inefficient use of private vehicles has severe economical, social, and environmental results, as the cost of traffic jams [congestion] in the United States alone is estimated to exceed [100 billion dollars](#). Each year that this issue remains unaddressed contributes to the damage inflicted upon consumer finances, national economies, and the world's environment.

La'Zooz is prepared to accomplish what is necessary to resolve this situation, namely through building a worldwide, decentralized, 'Collaborative Transportation Web'. The vision of La'Zooz is that this decentralized network will challenge the established systems by revolutionizing how the world thinks about people and things moving around. This represents the beginning of a genuine decentralized transportation network which is managed and run by its community.

A large enough network of people all sharing their transportation will revamp the current system and transform this vision into reality. Imagine a Collaborative Transportation Web, on which anyone can easily, instantly and cheaply "surf" from place to place. Developing smart-transportation solutions and integrating them into a single platform will dramatically reduce traffic and costs of transportation, while creating abundance for its users, developers and promoters.

Real-Time Ridesharing and Car Hopping

Smart transportation is focused upon creating better usage of already existing infrastructure and resources rather than the addition of new ones. With countries all over the world suffering from vehicular congestion and pollution, better use of these existing resources will create affordable transportation without aggravating existing problems.

At the heart of this operation lies ***realtime ridesharing***, enabling people with private cars to share their drive with others traveling the same route. The benefit of these rides will not be commercial profit, but rather, sharing the costs of the drive as well as experiencing the joy which comes from social matching between driver and rider. Not only will rider and driver share the expense of the journey, but realtime ridesharing will create friendships and relationships between likeminded people passionate about ridesharing and reducing the amount of traffic on the road.

“Realtime” means that no preplanning is involved in these shared rides, as prospective passengers will simply request rides to their destinations on the spot, and be picked up a few minutes later by a driver who is passing by along at least a portion of their route. Realtime

ridesharing also includes a multihop solution, in which a rider switches between several vehicles on the way to his or her destination. Car hopping will significantly increase the number of acceptable rides found by the system, thus creating a more robust coverage over users’ transportation needs.

The Critical Mass Problem and the La’Zooz Solution

The major challenge in achieving an efficient and reliable transportation web is to have a critical mass of users in place. Unlike other decentralized initiatives, real time ridesharing is not a project which can start out on a small scale and build up slowly in the traditional manner. Without a critical mass, the network will be plagued by gaps and underserved geographic areas, leaving it valueless. Passionate adopters will turn into critical and jaded critics of the system, as they are forced to wait hours for participating drivers to happen by. With a transportation web made up of just a handful of users, the wait time between rides becomes copiously long, leading to a poor reputation and even less people joining the network. This lack of a critical mass is the “chicken and egg” issue for ridesharing applications, and has been the bane of all ridesharing initiatives thus far.

A Phased Solution

La'Zooz offers a unique solution for this critical mass problem. In the first phase where there is no critical mass, the real time ridesharing feature of the application will not be active. During this phase a Gamification Process simulating the creation of a user network will propel a critical mass of users in certain locations around the world. In fact, the beta version of this app is already running and collecting feedback from active users (i.e. Road Miners) right now.

The La'Zooz vision for this stage is to create a tension between a game and reality, as users compete to be the first to push their geographic location into the critical mass phase. Users who share the app with friends and colleagues and run it on their mobile devices as they move around are rewarded with Road Zooz tokens.

During this phase other useful location based services can be offered as part of the Gamification Process. At this stage users will start meeting each other in order to break the psychological barriers to hosting an unknown rider in their car, such as preplanned ridesharing, package delivery, shared moving services and more. While these are all compelling features of this preliminary stage, La'Zooz's stated goal is to create a critical mass of users that will eventually enable real time ridesharing service on a meaningful global scale.

A Token for Smart Transportation

Zooz tokens are digital cryptographic tokens that will be used within the app to reward drivers and other transportation service providers. Early adopters can install the La'Zooz mining app (available [for Android](#)) which will let them win "Road Zooz" tokens on the go by simply riding with it in the background. Usage of this app serves to share transportation valuable data with

the community, and its providers are rewarded with tokens by the community for helping to weave the local social transportation web.

Furthermore, since the usability of the app increases as it grows closer to a critical mass, users are rewarded for spreading the application to new users. Community members are encouraged to be part of the project by helping to establish the network and then enjoy its abundance. Road Zooz tokens are being granted as rewards to users who contribute towards establishing the social transportation web of La'Zooz. (See [Road Miners protocol](#)).

The La'Zooz mining app contains the La'zooz algorithms which will monitor the number of active users and ascertain when a certain geographic region has reached critical mass. As soon as a critical mass of users is detected in a specific geographical area, realtime ridesharing service will be rolled out for those users and enabled on the app. At that stage riders will reward drivers with zooz tokens for the part of their shared ride, creating frequent mainstream usage of the token.



La'Zooz mining application 2000 beta users are already creating their Social Transportation Network with it world wide.

The Zooz-Mining Protocol: The Life Cycle of Zooz Tokens

In all previous decentralized applications (“DApps”), the distribution protocol controls the number of tokens in circulation at any time, translating success of the project and rise in demand into an increase in the token’s value within the associated DApp. The outcome is a “bootstrap” mechanism that entitles early adopters to a higher value if the project succeeds, which in turn incentivizes the growth of the community at early stages. But it also results in an extensive volatility, reflecting the fluctuations of demand (with respect to supply) in the token’s value.

Volatility is one of the biggest obstacles for Bitcoin’s and other DApps tokens’ adoption.

Since the La’Zooz community intends to create a token that will be used for transportation needs on a daily basis, our final aim is to create a token with minimal change in price so users will be using the token instead of holding on to it. To do this, we will implement at a later stage a stabilizing mechanism using one of several options already under development. Two options the La’Zooz community is exploring these days are [Vitalik Buterin’s proposal](#) from the Ethereum blog and the half pegging mechanism developed by La’Zooz community that will be published soon.

In short, the future protocol aims to create a situation in which the zooz token has a stable price while early contributors (such as the token sale purchasers, and early developers) are rewarded by the fact that the amount of zooz tokens in their wallet increases.

Unlike other crypto tokens, the amount of Zooz tokens is neither capped nor fixed and more tokens will be issued upon demand of users who need more tokens for their rides.

At this stage the details of the future protocol are still a work in progress. Furthermore, we

believe that the future protocol will be ideal to use when the community grows significantly and reaches closer to the critical mass of users needed for the service to run.

At present time, as the community is still rather small, we use a transitional protocol that we believe is more suitable for this early stage because of the way it is supporting the needs of development the community is facing at this stage. This Transitional Zooz mining protocol is described below.

Transitional Mining Protocol of Zooz Tokens

Mining a zooz token means that a new token is created. There are three ways to mine new Zooz tokens: purchase, development and early adoption. All three ways are actions that assist the La'Zooz community and project to grow and achieve a working service.

Purchase

By transferring money or BTC, people can show their faith and trust in the project's future success to enable covering of current development costs. This vote of confidence is rewarded by the community with Zooz tokens.

Early bird Pre-sales

In the passing year the community has sold Zooz tokens for a discounted price in order to back some of the development costs it had. Nearly \$115k worth of Zooz tokens were sold in these

early bird presales. You can see more details about the presales in this [table](#).

30 days Zooz Token sale

During the upcoming token sale, to be opened on the 1st of June 2015 21:00 GMT, the La'Zooz community will sell Zooz tokens for a price which is an increasing function of time and demand. Proceeds of this sale will be used to support members of the La'Zooz community that contribute to the development of the algorithm, related elements of the DApp, or the community in general.

(See [Token sale structure](#)).

For future funding of the project, the Lazooz community might decide to perform additional sales of tokens. In such a case, the La'Zooz community commit not to sell Zooz tokens at a lower price than the highest price sold in the previous token sale.

Future on-going purchase of Zooz tokens

Once the future stabilizing mechanism protocol is implemented, users will be able to purchase zooz tokens to be used within the app for transportation services. This purchase of new tokens, like mining of all new tokens, will entitle all zooz token holders with a Zooz Bonus as an expression of gratitude to early supporters of the project. (See [Zooz Bonus](#)).

Development

The La'Zooz DApp encourages all people to take an active part in its development. The ways to develop the project are diverse and are not predefined. An action can be anything starting from designing a website to writing a code or promoting La`Zooz on social networks. Each person who contributes to the project can be rewarded with Zooz tokens. The amount of Zooz tokens that each person receives for his/hers contribution is determined by the community. (See

Early adoption

Road mining

The first phase of the application is focused on creating a critical mass of users. The La'Zooz community believes that early adopters are an active and crucial part of the project. Early

adopters help in establishing the social transportation network in their location and therefore should be rewarded. In this first phase, users can mine Road Zooz tokens by simply installing the app and riding with it in the background. Road Zooz tokens will be usable within the app to reward drivers for sharing a ride once the service is running.

Spreading the app

The La'Zooz community encourages its early users to spread the App to new active users. The reward for spreading the App is explained in the [Road miners protocol](#).

Other

The community can decide to encourage certain user behaviors. For example, a user creating a rich profile with personal details, a photo, goals in life, etc. will contribute higher value for the community in many ways. Thus the community can reward rich profiles with tokens.

Zooz Bonus

Growth of the project at each stage relies on the community that already existed before. To reward and encourage earlystage contributions to the project, when new Zooz tokens are issued, some of them are divided and distributed to all Zooz owners, in proportion to each one's prior participation (represented by the zooz tokens they then hold).

In the initial stages of La'Zooz, while the Transitional Protocol is being used, a 20% Bonus distribution for each Zooz issuance is implemented. That means that when Zooz tokens are issued for development 20% additional tokens are issued (except the zooz tokens that are distributed to the contributors themselves as a reward for their contribution) and distributed to the whole community of Zooz holders.

Note: Road Zooz tokens are not rewarded with Bonus tokens but rather have their own compensating algorithm. (See [Road Miners protocol](#)). Furthermore, during the 30 days zooz token sale there will not be zooz bonus distribution.

30-day Zooz Token Sale

The Zooz token sale is an important step towards the establishment of the La'Zooz development community. The funds that will be raised will be used to enhance development of the project.

Zooz token reference price

Zooz tokens will be used to reward drivers and other transportation service providers. For that purpose a usable unit of account was searched for. After investigation of several options, the average global gas price was used to assess the average cost of 100m of driving with an average private car. The result was a value of \$0.0095, which is approximately \$0.01, and therefore a **\$0.01USD** was chosen as the zooz reference price for the token sale.

How does La'Zooz community raise the funds

La'Zooz opens two gateways for fundraising. The first one will be through the leading fundraising platform [Indigogo](#) where funds will be raised with PayPal and credit cards.

The second gateway will be through La'Zooz unique token sale interface, enabling purchases of Zooz tokens with bitcoins.

The La'Zooz Indigogo campaign

As La'Zooz aims towards a mainstream audience, supporters of La'Zooz will be able to pre-purchase their future trips with the app or just to leave a symbolic support through the campaign page of La'Zooz. The campaign will also help to outreach into new communities, bringing blockchain technology and decentralization concepts to new audiences.

The Indigogo campaign follows the rules of the Indigogo website, and tokens will be sold at the final price of the token sale. Indigogo website fees will be considered as the Indigogo purchasers' discount.

Bitcoin gateway for zooz token

- 1) During the 30 day token sale, La'zooz community offers to sell zooz tokens at a discount from the reference price. Early purchasers will enjoy a larger discount. The discount of the zooz tokens decreases every 24 hours by one step (see Fig. 1 for the discounted

zooz price as a function of the number of steps taken). Furthermore, if at a certain day the amount of tokens that were purchased exceeded the amount of the previous day, the zooz discount decreases by one step. Hence, the zooz price in the token sale increases with time and with demand.



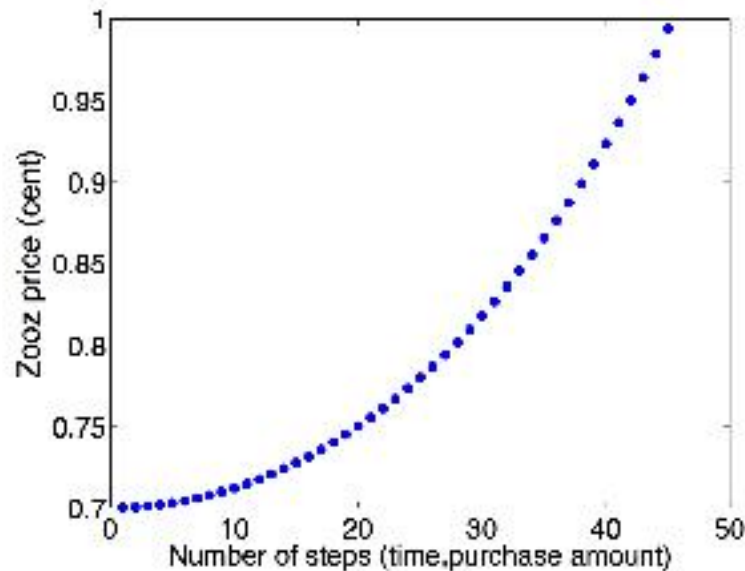


Figure 1: The discounted zooz price as a function of the number of steps taken.

- 3) All bitcoins that will be used to purchase zooz tokens will go to a [multi sig coinbase vault](#) where 2 out of 3 signers are needed in order to release funds.
- 4) [Craig Sellars](#) (CoFounder & CTO at Tether, who holds leading roles in a variety of Bitcoin 2.0 projects) has accepted to be one of the project professional auditors. More

info regarding the audit procedure and the usage of the multisig will be published soon.

- 5) All Zooz tokens will be distributed to purchasers 15 days after the end of the 30day token sale. These will also include Zooz tokens that were purchased by Earlybirds during the 1st and 2nd Zooz token presales. In total there were about \$115k worth of zooz tokens sold with a discounted rate on both presales altogether. These funds have granted the community the means to back some of the development that was done in La'Zooz project during the passing year.
- 6) An additional 10% to the amount of zooz tokens that will be sold during the token sale will be issued and distributed among past contributors to La'Zooz project.
- 7) The funds raised during the token sale will be released according to the milestones of the road map the La'Zooz community will present in the near future. For every milestone achieved, according to the approval of the auditors, the predetermined amount (or percentages from the sale) of BTC allocated for that milestone will be released to the La'Zooz Mine The Gap LTD (LMTG from here on) wallet. LMTG is a registered company in Israel that is bound with a set of agreements to the La'Zooz community in a way that its board of directors and management is enforced by law to operate **only as instructed by the community according to the community's decision making mechanism described below.** (See [La'Zooz Legal Structure](#)).
- 8) In order to participate in the Zooz token sale one will need to approve the Terms and Conditions of La'Zooz which are presented [here](#) for preview.

How will La'Zooz community use the funds

- 1) The funds will be used to reward contributors and to purchase needed services for the development of La'Zooz project and products and the achievement of the critical mass of users, as describe on the La'Zooz road map that will be published soon.
- 2) The community will reward contributors with zooz tokens as well as with the raised

funds according to a mechanism that will be published later on. The main goal is to create a devoted community of contributors that are kin to develop La'Zooz vision into reality.

- 3) In certain cases the community can vote upfront for a payment for a certain service (like in a case when an agreement with a certain service provider is needed in order to get the service or product).
- 4) Zooz Bonus distribution
 - a) for every issuance of new zooz tokens as a reward for contribution, an additional 20% of zooz tokens will be issued and distributed among all zooz wallets in proportion to the amount of zooz tokens in each wallet.
 - b) This is the way for the community to appreciate and reward early contributors and supporters of the project.
 - c) The additional distribution mentioned above will be changed to an algorithmic value once the operational phase will be activated.

- 5) Early Contributors Vesting Mechanism All early contributors (those who have contributed to the success of La'Zooz before the opening day of the token sale) will get the reward for the contribution they have done prior to the token sale by an additional 10% of zooz tokens that will be issued on top of the Zooz Bonus distribution for any issuance of new zooz tokens. This vesting mechanism makes sure that early contributors will get their rewards if and only if the project keeps growing and developed.

The La'Zooz Decision Making Protocol

Decision making in the community

The current structure for formal decision making is suitable for the size of the community and is proven to serve the community's needs quite well. As the La'Zooz community grows, modifications to decision making policies and structures will be made on an asneeded basis, all the while remaining appropriate to the specific level of development and growth attained by the community.

Community members

The La'Zooz community is active since October 2013 and as such, has members who have been contributing to the project at different levels and for different time spans. The community has voted several times in the past to evaluate the contribution of each member and created a reputation system where each member holds a certain 'weight'.

Rating Weight

At the end of each month all members of the La'Zooz community vote on the new weight of each member of the community. The voting process is taking place at this stage on the La'Zooz Slack "communityvotes" channel, through a google form with the names of all contributors, their scope of work and their main contacts in the community. Members have 3 days to fill the form and submit their votes.

Rating a Member's Weight

What is a Weight?

The weight of a member in the community represents the trust and power the community decided to give this member.

- Decisions on issues raised by the community are made by a weighted voting mechanism. So people whom the community appreciates have more decision making power.
- The Zooz compensation for contributors is based in part on the contributor's weight. (See [Reward in the community](#)).

When are Weights Determined?

- Weights are updated once a month by new voting rounds.
- A member's weight is 'remembered' for 4 months by the algorithm. if a member becomes inactive and thus gains 0 on the monthly voting round, her/his weight will be diminished to 0 within 4 months. (See [How are weights determined](#)).

Who Weighs and Who is Weighed?

- A new member can get his or her first weight only from an active member who already has a weight in the community.
- Each member can rate the weight of all members in the community, including himself/herself.
- Members rate only members in the community he/she knows.
- There is no obligation to vote. When someone decides not to rate someone in the community, it means that he/she decided to let the other members of the community take that decision.
- Members can indicate another community member whom they trust to rate a member they are not familiar with by writing down the name of the trusted member in the relevant place in the form (instead of their vote). In such a case the vote of the trusted member will be calculated as being done by both member's weights.
- Purchasing Zooz tokens and/or mining Road Zooz tokens through the La'Zooz mining application on their own does not entitle the purchaser or the Road Miner with any weight within the community decision making process. Still, the community can decide (and has done so in the past) to entitle specific miners or purchasers with weights as an expression of gratitude to their unique contributions.

How are Weights Determined?

- When the voting round is closed, a [smart algorithm](#) is used to determine the results of the vote, stating the new weight each member holds in the community. The algorithm is updated regularly in order to scale and serve the needs of the community.
- The new weights are calculated in the following way, 75% is determined by the old weights, and 25% is determined by the new vote. For example, if a member had a weight of 0.05 (5%) prior to the vote, and in the current vote he got 0.02 (2%), his new weight

will be $0.05*0.75+0.02*0.25 = 0.0425$.

Rating A Member's Reward

Prior to the Vote

Every month each community member submits to the community what s/he did in the past month and how much time and personal expenses s/he had put into the project.

Zooz Reward Calculation

Voting on the Zooz reward for members' contributions is similar to the vote on member weight:

- Each member can vote on the reward of all members in the community, including himself/herself.
- Members rate only members in the community s/he knows.
- There is no obligation to vote. When someone decides not to rate someone in the community, it means that s/he decided to let the other members of the community take that decision.
- Members can indicate another community member whom they trust to rate a member they are not familiar with by writing down the name of the trusted member. In such a case the vote of the trusted member will be calculated as being done by both member's

weights.

- When the vote is closed, a [smart algorithm](#) is used to determine the results of the vote, stating how many zooz tokens will be issued and distributed to each member.

Road miners and distributors protocol - (current protocol)

Here we explain how road miners are rewarded. There are a few important guidelines that the protocol was built to obey to:

1. Early adopters should be rewarded more than later adopters. The logic is to encourage users to join at early stages.
2. The reward should be related to the amount of driving a user did. The more one drives, the more s/he is rewarded.
3. One should be rewarded for joining active users. As the user is more active, both the user and the person who exposed him to the service should be rewarded more.
4. The total amount of Road Zooz tokens distributed to Road miners should be much larger than the amount of Zooz distributed to developers. Without early users the application could not function and therefore, we believe, that early users are the key for the success. La'Zooz community aims to create a fair economy that distributes the value within the DApp between all contributors to its success according to their contribution and this is one of the main features to it.

5. The total amount of Road Zooz distributed to Road miners should be smaller than the amount of Zooz that will be needed for the use of the application. If the community distributes too many Road Zooz tokens it will cause market flood and no one will buy tokens from the system at later stages.
6. As long as a region does not get to critical mass, mining of Road Zooz should continue. That is, for every distance a user drives, he should be rewarded. (in the current scheme this needs to be updated).
7. If a driver picks up more than one rider, he should receive more reward. This is aligned with the vision of La'Zooz that people better share (all) their empty car seats. In any case the reward will be limited by the total ride expenses.

Here we give the details of the protocol and later a simple example of the amount of Road Zooz distributed.

- a. The world will be divided to different regions. Each region will operate independently from the others. That means that the critical mass is determined for each region separately. Furthermore, road mining will continue in each region until critical mass is established in that region.
- b. At every timestep, the Road Bonus Weight (RBW) is calculated for each user. The RBW is the user's contribution weight in building the network. The Road Zooz mined by every user are proportional to RBW (see below). We denote the i th user RBW at time t as $RBW_i(t)$. The different factors which contributes to the RBW of each user are explained in points ce.
- c. At every time step, each user trips are calculated in Zooz. This is the amount of Zooz that the user could share with other people when he will rideshare his/her car. We

denote this amount for each user by $RZ_i(t)$ where i is an index to denote the user and t represent the time step.

- d. Users who spreads the App to active users are rewarded. In each time step the user who spreaded the App get a bonus for trips that the people he spreaded the App to are doing. The bonus equals to **30%(TBD)** of the trip and we denote this bonus by $BZ_i(t)$. For example, Joe has spread the App to Annie. At time T Joe has made a trip worth 100 zooz and Annie did a trip worth 50 Zooz. Joe's Road Bonus Weight will have two contributions, the trip he did (100) and a bonus from Annie's trip ($50 \cdot 0.3$). Namely, Joe will have $RBW_{\{joe\}}(T) = 100 + 50 \cdot 0.3 = 115$ and Annie's $RBW_{\{annie\}}(T) = 50$. We emphasize that Annie is not losing from the fact she got the App via Joe.
- e. People who ride together in their car with the application open will get a **20% (TBD)** bonus for their RZ. This comes to encourage people to start ride sharing their trips before critical mass is reached. We aim for the application to offer such a service to enable that (not necessarily on real time).
- f. The amount of Road Zooz that are being distributed at time step t for the participant i is determined as follows:

$$\frac{RBW_i(t)}{4 \widehat{\sum_i RZ_i(t)}} \frac{\overline{\sum_i RZ_i(t)} - \overline{\sum_i RZ_i(t-month)}}{30}$$

where bar is a time average over the last week and hat is a time average over the last month. The term in the brackets is proportional to the rate (derivative) that the network is growing and the term out of the brackets is the relative share of user i in the growth. The total amount of

Road Zooz that will be distributed at a certain region will be the sum over all users and time steps until critical mass has reached. Because the expression in the brackets is proportional to the derivative, the sum over this expression will converge. The total amount of Road Zooz that will be distributed to early users in one region will be on the order of the value in Zooz of all trips performed in the day of critical mass if they would have been shared (divided by a factor of order 3).

For example, if 10000 users were using the App when critical mass was achieved and each user's trips are valued at 50 Zooz a day on average, the total amount of Zooz that will be distributed will be on the order of $50 * 10000/3 = 500000/3$.

The total amount of Road Zooz that will be distributed is proportional to the amount of trips performed by the users' community in one day. We estimate that when ridesharing will be operating, each user will hold in his wallet enough Zooz tokens for several days of trips. This is the amount of Zooz tokens that will be needed in full adaptation. As explained above, the amount of Road Zooz divided for road miners is on the order of one day of trips of the community which is smaller than the amount of Zooz needed in full adaptation.

Road mining example:

In order to get intuition of how Road Zooz will be distributed among the community of early users we show in Fig. 4 the results of a simulation of early users. In this simulation every user makes trips worth a 100 Zooz each day and with some probability spread the App to a new friend. The critical mass was chosen here to be 10000 users. Figure w shows that early road miners are

rewarded significantly more than late road miners.

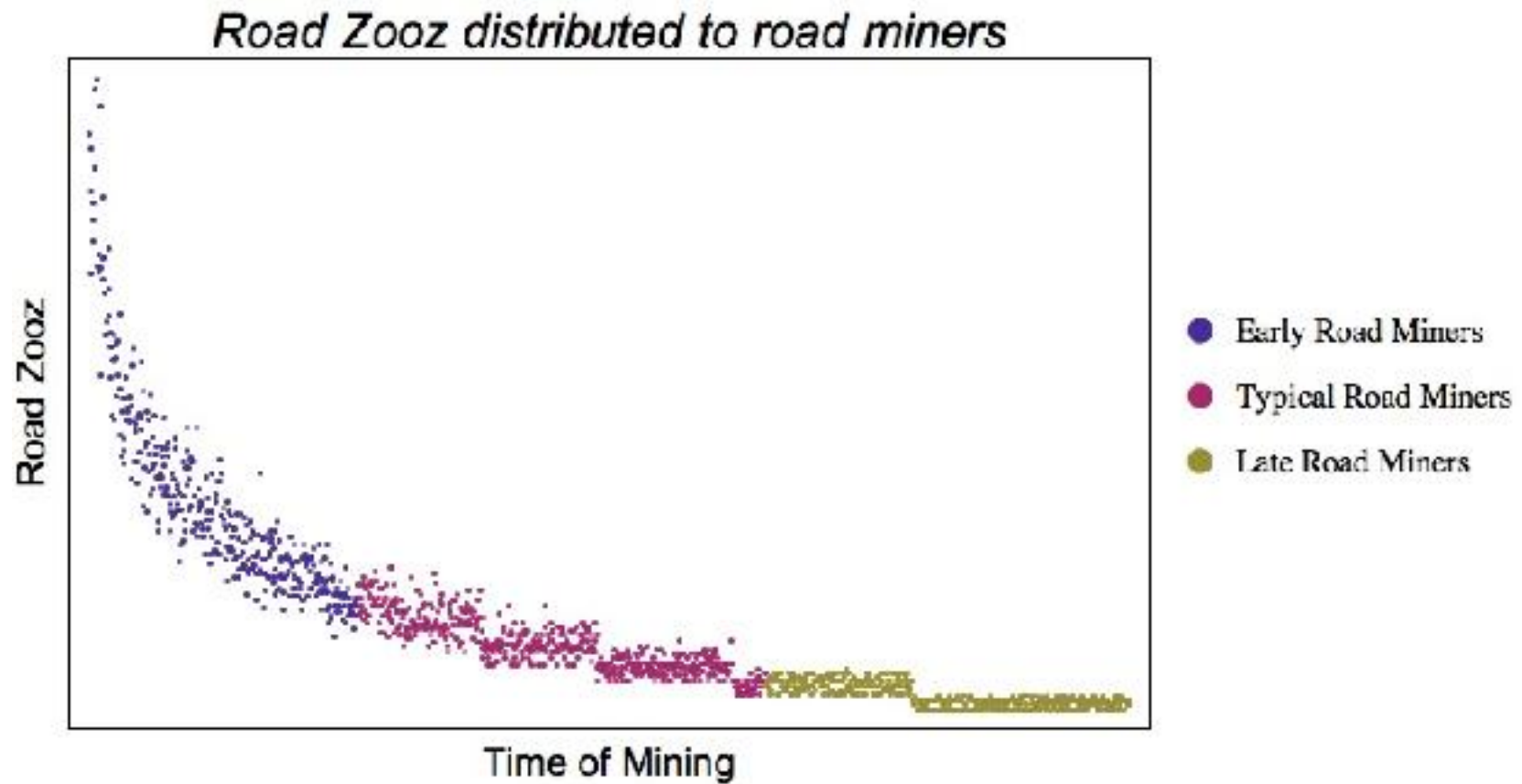


Figure 2: Road Zooz distributed to users. Each dot is a road miner where the x axis denotes the time each user joined the App.

Legal Structure

La'Zooz has taken the step to “walk the talk” about decentralization and create a grassroots project which is actually being created, run and managed by its community. In order to enable that a [weighted voting mechanism](#) was built to support the community decision making processes and needs.

In order for the community to be able to act and engage with service suppliers and other regulatory needs, a company in Israel, La'Zooz Mine The Gap LTD, was registered. The company is bound with an agreement to the community, making it a “Representative” of the Community that acts as it is instructed by the community. As written in the Terms and Conditions of La'Zooz:

6.1 Administration of the Services and Activities is carried out by Representatives (LMTG) for and on behalf of the Community as a whole,

subject to and in accordance with any instructions decided upon by the Community and communicated to the Representatives through the Services (“**Instructions**”).

For more details please review the [Terms and Conditions](#) of La’Zooz.

