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Whitepaper

KARATE COMBAT DRAFT WHITEPAPER

Within is an early draft of the to-be-developed Karate Combat whitepaper. The league looks forward to receiving community feedback and finalizing the whitepaper in the second quarter of 2023.

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Summary

Karate Combat is a rapidly growing professional full-contact combat sport with free-to-watch cross-platform distribution on many of the world's top sports networks. It features 100+ exclusive fighters who compete for championship belts across 10 weight classes and is streamed in immersive 3D VFX environments rendered in Unreal Engine.

Karate Combat was built by a core team of crypto and tech entrepreneurs with the vision to be the first professional sports league governed by its top fans and fighters and gamified to appeal to the habits and interests of sports fans.

In order to achieve this, the team is fully embracing crypto rails.

In the immediate term, the league is utilizing new web3 tools to provide fans the access, ownership and interactivity they want. In the medium term, the league is adopting an open decentralization model for unprecedented transparency, fan-friendly intellectual property and a creator-first mentality to spark a whole universe of community-driven innovation.

Karate Combat is the first professional sports league structured to innovate new models of collective decision-making that include input from the league's fans and athletes. The league was sold in 2022 to Sensei Foundation, a Cayman Islands foundation company and its affiliates, including Sensei Ltd, a Seychelles international business company (collectively, "Sensei"). In May 2023, Sensei launched the $KARATE token on the Hedera and Ethereum networks.

The $KARATE token was created to facilitate governance voting and to allow community members to play and compete on the innovative **Up Only Gaming** system.

To play, holders of the $KARATE token can vote for their favorite fighters and boost their potential prize pools above and beyond fighters' contracted pay via the Karate Combat web app and mobile app (iOS, Android).

In contrast to sports gambling, $KARATE holders who pick winning fighters earn additional tokens from modest token issuance with no risk of loss. No purchase is necessary for fans to access the league's applications or to claim $KARATE tokens from the Up Only Gaming system.

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Karate Combat's founders intend for the Sensei to give away up to half of the $KARATE tokens for free to fans and athletes over time.

Core contributors to the league believe the community's most active and informed fans and best fighters should control key league decisions over time.

"We're trying to create products that the community runs and governs and continues to build for good reasons. Products and orgs and sports leagues built by the community can live forever. People can't. Companies can't. They live for 100 years, maybe 150 years at max. Cities can live for thousands of years, so we're trying to build products and communities with the persistence of cities." - @onlylarping

Problem & Solution

Problem

TV audiences for traditional sports leagues are aging^1, and there's been a significant drop in sports fandom among Gen Z^2. Almost half of NFL fans aged 18 to 34 would rather watch highlights than full games, which is in stark contrast from older fans. This shift could threaten the TV rights deals that support the traditional sports economies.

But it's not all doom and gloom! Younger fans engage with sports in different ways, and this presents huge opportunities for adaptable sports formats. Research by Nielsen and LaLiga Tech found nearly half of fans under 34 prefer watching sports on their phones, and mobile social streaming is helping smaller sports formats grow^3.

Younger generations grew up with social media and gaming culture, and they expect a different level of access, participation and interactivity. There is a massive secular trend towards the gamification of sports content, and younger fans are leading the way. 28% of Americans aged 21 to 34 bet on sports at least once a month, way more than older age groups^4and are only interested when betting is involved^5.

Today's established sports leagues may not be able to fully capitalize on these opportunities. The average NFL broadcast is over three hours long with only 18 minutes of action^6. It costs over $1,000 a year to watch all UFC fights^7. Baseball's rule set has barely changed in over 100 years^8 and ownership in major North American sports leagues is held by a few of the richest people on the planet. Compared to other entertainment options, traditional sports are expensive, have limited distribution and lack the community and interactivity today's fans crave^9.

Solution

Combat sports have a history of disruption in the media world. The first widely available sports radio broadcast was a boxing match in New Jersey, and TV's earliest hits were fights. Wrestling was a top show when cable TV was starting^10, and now, combat sports' action-packed format is exceedingly popular with younger fans^11.

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Karate Combat was built for the mobile experience to engage the next generation of sports enthusiasts.

Wrestling, grappling and kicks between the knee and waist, which slow fights down, are against Karate Combat league rules to encourage aggression. Most fight matches have three-minute rounds - shorter than UFC's five-minute rounds. And the signature Karate Combat "pit" forces action away from its walls to the center of the stage. The end result is a stand-up, striking-based fight event with winners decided by punches, kicks and throws.

Since 2020, Karate Combat has been hosting real fights in immersive 3D environments created with Epic Games' Unreal Engine^12. It's the only professional sport to film using in-camera VFX^13 and Extended Reality, with fight environments ranging from ancient Okinawa to futuristic sports stadiums.

Events are completely free to watch across multiple platforms like Eurosport, Globo, BeIn Sports, Karate.com, Youtube, TikTok, Twitter, and Facebook (LinkedIn Live may be next!).

Now, to boost the league's growth while optimizing engagement and interest among fans, Karate Combat is the first professional sport to include consensus-driven input derived from a formal deliberation process led by the league's fans and athletes in the league's decision-making.

The $KARATE token is issued on the Ethereum and Hedera networks. The $KARATE token is key to the league's decision-making, and gives its holders access to the Up Only Gaming system. Token holders can use smart contracts to play the game through the league's web app and mobile apps. By playing the game, $KARATE holders support their favorite fighters and boost their prize pools above contracted payments. Picking winning fighters earns $KARATE holders more tokens. Unlike sports gambling, players do not lose $KARATE tokens when they pick losing fighters.

Over time, governance over the Karate Combat league should continue to be driven by the most engaged and informed fans and the best fighters.

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$KARATE Token

The $KARATE token will contribute to key decisions regarding the Karate Combat league and its Up Only Gaming system as a "wisdom of the crowd oracle"^14. Karate Combat is the first professional sports league committed to innovating new collective decision-making processes that include input from the league's top fans and athletes.

In 2022, the Karate Combat league's assets were sold to Sensei Foundation, a Cayman Islands foundation company and its affiliates, including Sensei Ltd, a Seychelles international business company (collectively, "Sensei"). Sensei is governed by directors and advisors who will be required to solicit input from the $KARATE token holders on key decisions. For example, wisdom from $KARATE holders should be integrated in decision-making over time with respect to league rules, fight matchup selection, intellectual property licensing, grant and bounty distribution, marketing strategies, and perhaps even the selection of contributor teams as the league scales globally.

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While token governance participation rates are notoriously low^15, the league's research indicates a strong desire by fans to influence fighter contracts, fight matchups and league rules. However, fighter and matchup selection is a regulated process that requires deep, experienced care for fighter safety and development. To that end, the league's fighter operations contributors have pledged to regularly propose bounded ways for the community to participate.

The catalyst for the birth of the $KARATE token is to enable Karate Combat fans to play Up Only Gaming and to contribute to league governance. Core contributors to the league believe the $KARATE token has 100x more utility than any sports token or NFT issued to date.

Up Only Gaming

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whitepaper contract

When sports fans have a wager on an event, even a small one, engagement is an order of magnitude higher. However, most people inevitably stop betting on sports because they lose money. There needs to be a better way to prioritize sustainable engagement, instead of just upside, to drive long tail value creation in sports via fandom. This is why Karate Combat community members created Up Only Gaming: no loss, no betting, just fun.

In comparison to regulated gambling, Up Only Gaming is a no-loss game embedded into the web app and mobile apps deployed by the league that would be impossible without web3 technology.

When fighters get more Up Only Gaming votes, they can score larger $KARATE token bonuses on top of their contracted pay. $KARATE holders who choose winning fighters receive additional tokens from the $KARATE token treasury reserve. When token holders pick a losing fighter, they do not lose tokens and can play again next time. Over time, as active players and winning fighters win more $KARATE tokens, they will earn more voting power in and will slowly dilute inactive fans.

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To make fighter picks, token holders can sign messages off-chain in Snapshot with their $KARATE-holding wallet in the 48 hours before an event starts. This makes playing the game quick and gas-free as there’s no need to lock, send, or stake $KARATE tokens. For added convenience, $KARATE holders can delegate picks from cold wallets to burner wallets, including the league's mobile app.

Contributors to the league believe that Up Only Gaming should be fun and enjoyable with modest token issuance.

Winning players get rewarded with new $KARATE tokens from the $KARATE token treasury, but all issuance goes to existing $KARATE holders and unlike most inflationary systems, new issuance doesn't dilute active members' tokens on average. If you assume 20% annual issuance, a 50% play rate, and 10 big events per year, winners could take home an extra 5-15% tokens per night.

No purchase is necessary for fans to access the league’s applications, the Up Only Gaming system, or to claim $KARATE tokens.

The constants of F% and PPPE are still being finalized, but the league has built the Up Only Gaming application on the following logic:

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Up Only Gaming application logic

Up Only Gaming Logic

The Up Only Gaming contract allows users to predict which fighter will win their match and be rewarded with $KARATE on an accurate prediction.

To begin a game, a quorum of delegates add a Snapshot proposal’s IPFS CID to the Event through the league's open-sourced smart contract. At this point a snapshot of all the token balances are saved on chain to facilitate the redemption process later on.

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$KARATE holders who play the game engage the smart contract by first submitting their match predictions via the aforementioned Snapshot proposal from their preferred client. With their submission, players may allocate their preferred amount of $KARATE tokens per match prediction.

At the end of the voting period, the oracle service (e.g. Chainlink) provides an interface to that collection of signed votes—preventing the addition of any new votes during the matches.At the end of the event, the judges send their tabulated scores, with their signatures, for each of the matches and the result of that match to the respective contract. A Karate Combat league delegate also signs the scores as a testimony to the validity of those results in terms of the propriety of the event. The contract validates the signatures corresponding to active judges and delegates associated with the event before committing the results. On the successful commit, rewards are able to be redeemed by users.

On Ethereum, rewards are distributed on an on-claim basis. After the results are available on-chain, if an Up Only Gaming player has sent an accurate prediction for a match, they are able to redeem rewards proportional to the quantity of $KARATE tokens allocated on a specific prediction and the size of the total quantity of tokens allocated across all predictions for that match made by all users. To determine this proportion in a veritable manner, when the player tries to redeem his rewards, their balance in the on-chain snapshot is retrieved and their prediction accuracy is appraised to calculate how much $KARATE they are owed. Appraising the legitimacy of their prediction is completed by either calling the oracle service, or if already available on-chain, verifying their signed prediction with respect to the result and that signature matching the public key of the claimant.

The league allows token holders to upgrade the contract via the upgradeDAO method on the respective contract (the “upgrade”). While some token-based communities have opted for the proxy pattern for upgrades, the league supports upgrades through the separation of the Data Storage and Logic contracts in a similar manner to Yearn Finance. This allows upgrades to be performed without the complexity introduced by proxies and to prevent updates from occurring without the acknowledgement of clients consuming the contract as a dependency. The upgrade method allows a safe upgrade on-chain by: passing ownership of the Storage contract to the address selected as the new contract; verifying that contract indeed has access to the specified storage; verifying that the new contract implements a minimum interface for expected functionality; and finally through the termination of itself.

Front-end Clients

The league is open sourcing the initial internally developed clients fully to encourage independent development of front-ends for the Up Only Gaming system. Initially, these two front-ends are being released:An iOS mobile app, which includes a Hedera wallet.

1. An iOS mobile app featuring a Hedera wallet
2. A webapp to play with your preferred wallet on the Hedera and Ethereum Networks.

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With the mobile app, airdrop recipients can easily collect their free tokens, back up their seed phrase, and send/receive $KARATE and $HBAR tokens. Both clients let token holders pick fighters for events by voting off-chain, gas-free and instantly using Snapshot. Plus, players can check out community-determined fight odds and match results. The Ethereum web app also allows players to claim their winning tokens.

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up only gaming app

Airdrops

Although token airdrop models are evolving^16, most of them to date have been upfront, one-time events. If “tokens are the new CAC”, then the web3 industry should start applying the best practices developed over decades of growth marketing.

Token airdrops need to evolve to be data-driven and iterative as opposed to retroactive. And if tokens have a special role in acquiring users and aligning incentives between users and builders, then web3 projects should abandon the idea of hard-coding the size and pacing of their airdrops in advance.

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In the future, if the most successful airdrops have LTVs consistently greater than CAC and continually accrue value to their respective team, then they will likely be maintained in perpetuity. Eventually, we believe that hard-coded airdrop allocations will sound as silly as marketing budgets locked in years in advance.

The initial airdrop in May 2023 commenced on the Hedera Network to select fans and web3 communities. In contrast to nearly all airdrops to date, the league intends to continually give away tokens to new and engaged fans and test numerous airdrop strategies across a variety of parameters (historical engagement, interest targeting, retargeting, geography, airdrop sizing, timing around league events, landing pages, messaging, etc.).

Mobile app and on-chain data will be looked at to measure engagement and churn and refine airdrop strategies to best identify and engage league fans. Post-launch, the league also intends to launch referral structures that reward active users with airdrop invites for friends.

It’s impossible to credibly hard code the future path of airdrops, but contributors to the league will provide best estimates.

Tokenomics

The primary use cases for the $KARATE token are league governance and playing Up Only Gaming. The initial ownership of the tokens will be concentrated among the founders and investors in the league and will be subject to long token lockups and their stakes are transparently detailed in full.

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market cap calculation

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token generation

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The ongoing airdrops are inflationary. However, so long as the league remains data driven and iterative, growing the community of fans and fighters can be accomplished without sacrificing token fundamentals.

Hard money, scarcity-mindset values in the broader cryptocurrency space need to be abandoned for the web3 industry to reach mass adoption.

Half of the $KARATE tokens will be issued on the Hedera Network, and half of the tokens will be issued on the Ethereum mainnet, as HTS and ERC 20 tokens, respectively. The tokens on both networks will have the same functionality. $KARATE tokens may be bridged between networks, for instance on Hashport. However, at least initially, there will be no mint & redeem functionality to completely eliminate any pricing discrepancies between the HTS and ERC 20 tokens. The KarateDAO endeavors to assist in ensuring there is adequate liquidity on both networks.

It would be impossible to credibly hard code the future path of token issuance at the league, but Karate Combat will provide best estimates ahead of launch.

The Future of Karate Combat Universe

The Karate Combat league is committed to an open decentralization model featuring unprecedented transparency, fan-friendly intellectual property and a creator-first mentality to spark a universe of community-driven innovation.

The potential and prospects for harnessing the power of open networks and community development across the vectors of composable web3 applications, intellectual property, and athlete development are massive.

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Web3 Applications

The league will open-source the Up Only Gaming smart contracts and front end applications to foster an ecosystem of community-developed, composable web3 applications and independent front-end clients. Developer outreach, hackathons and even ecosystem funds in the future will play important roles in the development of an active developer ecosystem.

Over time, community members may build applications on top of the $KARATE token and Up Only Gaming system in additional areas such as:

- Social graph tournaments
- Leveraged play
- Parlays
- Passive vaults
- Fighter tokens

Intellectual Property

From Day 1, the Karate Combat league has maintained a policy of incredible permissiveness with its intellectual property. Every league event is streamed for free simultaneously with televised distribution. A pilot program is now underway for pre-permissioned commercial use of the league's intellectual property by builders and creators in categories including video games and playable NFTs.

Athlete Development

In combat sports, super gyms, teams, qualifier tournaments and amateur leagues play roles in fighter development. The league believes that embracing community-developed talent curation efforts will increase fan engagement and improve the acquisition of top fighter talent over time.

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Karate Combat is the world’s premier full contact striking league, blending the excitement of live-action, full-contact Karate with immersive CGI environments powered by the Epic Games Unreal gaming and virtual production engine.

Wanna fight:

Inquiries:

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