OBSERVER BUSINESS NOTE

WEATHER OBSERVATION: BLOCKCHAIN-BASED

WEATHER DATA TRADING PLATFORM

CRYP2NOVA

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English

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1. KEY CONCEPT

The OBSERVER is an innovative platform where individuals and private firms trade daily weather data. Anyone in the world can trade weather data that is collected by smartphones, mini weather stations, or automobiles, and receive OBSERVER coins as compensation. The quality of the collected data is verified through big data analysis technology, and the details are recorded in the blockchain. This allows the OBSERVER to create high-resolution weather data that has never been available before.

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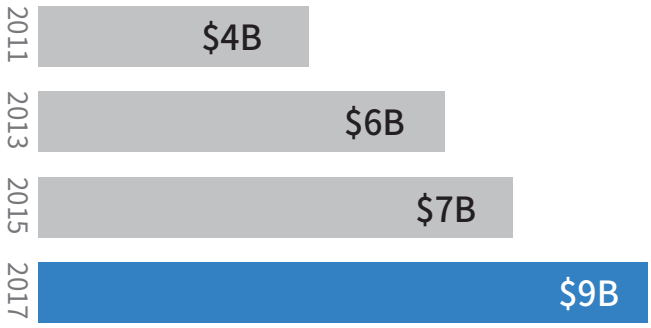
2. WEATHER INDUSTRY

The weather market, which has been dominated by public services, is rapidly growing in size. The portion of the U.S. GDP that is affected by weather events is estimated to be $1,334 billion annually, and the economic value of weather information is estimated to be at roughly $13 billion (NWS Enterprise Analysis Report 2017). The total private weather industry revenue of 2015 is estimated to be $4-5 billion, with a service provider revenue estimated at $2.5 billion (AMS 2012, State of the Weather and Climate Enterprise). The annual budget of the U.S. National Weather Service is in the range of a billion dollars, and the aggregated amount of weather-related budgets for countries that operate weather observation networks is estimated to be at several billion dollars. Considering the recent M&A of major weather companies, the capitalization of the private weather industry is estimated to be above $9 billion and is growing at a rate of 10 to 15 percent annually (University Corporation for Atmospheric Research).

2-1. WEATHER DATA SERVICES

IBM and Monsanto recently entered the weather business by acquiring weather companies, further showing evidence of the weather market's solid growth potential. In 2016, IBM purchased The Weather Company for $2 billion. IBM is now combining its global cloud with The Weather Company's data, which enables enterprise clients to access weather-related big data solutions. Monsanto, a leading provider of agricultural products, acquired The Climate Corporation in 2013 for approximately $930 million. Monsanto has achieved a higher corporate value by integrating its expertise in agriculture analytics with The Climate Corporation's weather data.

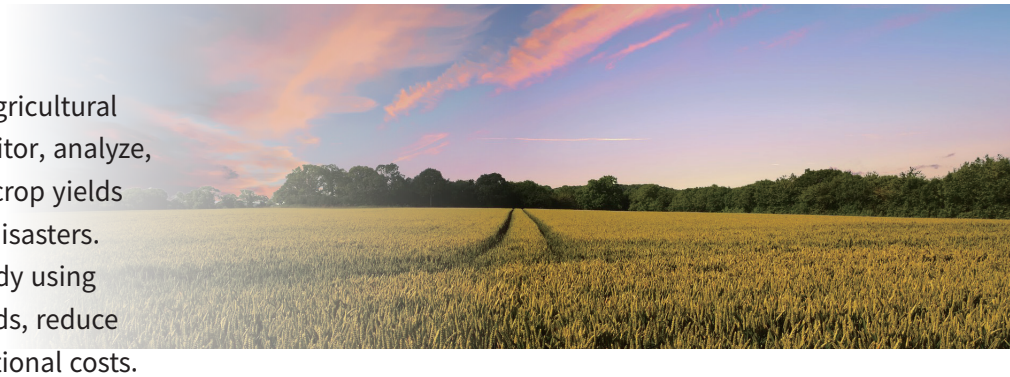
Weather data is creating value in a wide spectrum of sectors. Along with business analytics, it has also become a prominent factor in the corporate decision-making process.



Estimated capitalization of the U.S. private weather industry (as of 2012)

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Agriculture



Weather is an important factor for agricultural productivity, as it is necessary to monitor, analyze, and predict the weather to maximize crop yields and mitigate losses from unforeseen disasters. Large agriculture companies are already using weather data in order to optimize yields, reduce environmental impacts and cut operational costs.

Energy & Power Generation



By using weather data, power companies are able to overcome challenges like volatile energy prices, rising pressure from environmental activists and the growing use of alternative energy sources. Large power companies, in particular, can take advantage of weather data to better manage its plants and power distribution.

Insurance



Weather data enables insurance companies to create and develop weather-based products. It also plays a key role in establishing a compensation model for weather-related insurance (e.g., storm and flood insurance).

Retail & Wholesale



Weather, like air temperature and rainfall, can cause great changes in customers' buying patterns. Retailers and wholesalers are monitoring the weather to maximize sales and better manage their inventories.

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Airlines



Airlines are using weather data to prevent flight delays and cancellations. Weather data is also being used for various purposes such as in steering aircraft, controlling air traffic, and maintaining runways to ensure flight safety and logistical efficiency.



Traval & Leisure

Accurate weather information is essential for developers of travel and leisure products, as it enables them to plan activities and minimize potential losses due to the unexpected weather.

Financial Investment



Weather data is already a contributing factor in investment decisions. Customized weather data enables investors to evaluate companies in weather-sensitive sectors (i.e., energy, agriculture, insurance, transportation and distribution).

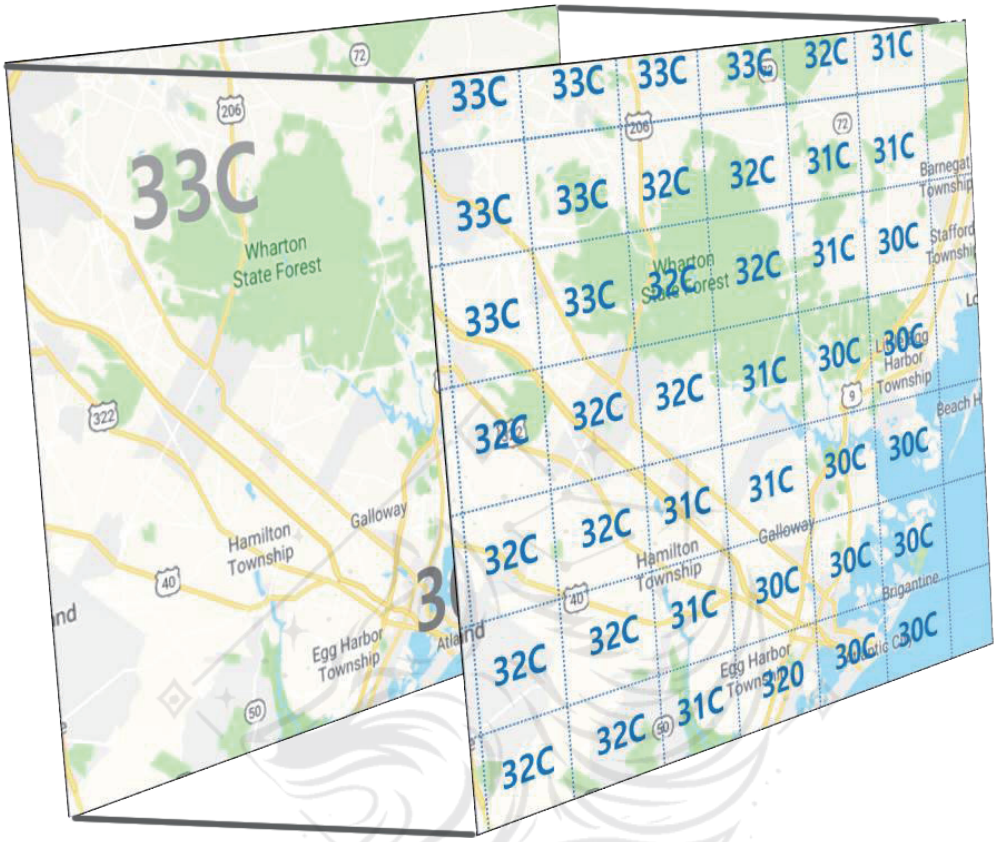
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Disaster Prevention and Management



Weather information is closely monitored and analyzed by government agencies and international organizations that are committed to protecting people from natural disasters. Weather data helps them predict natural disasters and devise an emergency plan for each stage of prevention and evacuation.

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Hyper-local weather observations

2-2. CROWD-SOURCED WEATHER DATA

The biggest challenge facing weather companies is the lack of hyper-local weather data. While macro data is widely available, hyper-local data still remains very limited. Attempts have been made but have not been successful partly due to the absence of a proper compensation scheme that motivates people to provide region-specific weather data. Even in cases where data is collected by volunteer observers, data reliability issues have hindered its commercial use.

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3. OBSERVER BUSINESS MODEL

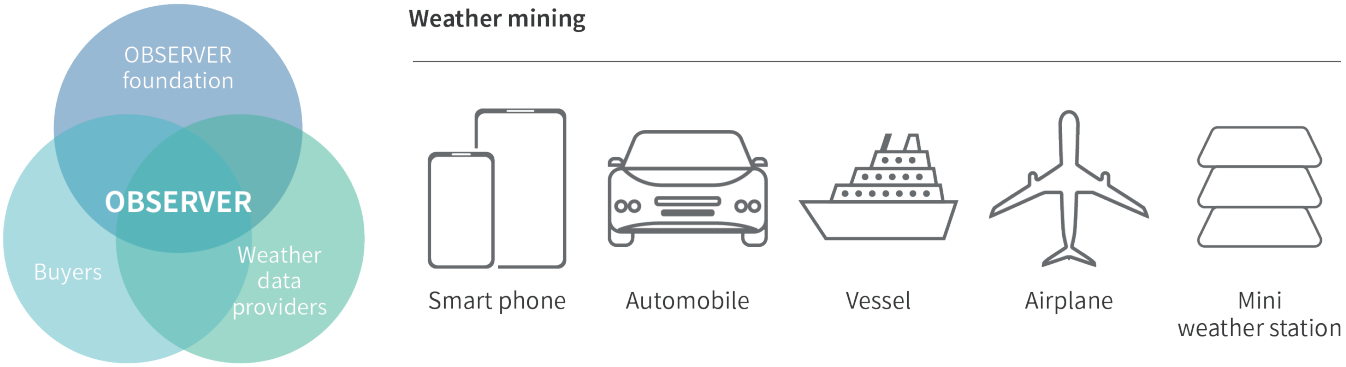
The OBSERVER is founded on the vision that "anyone can produce weather observations and purchase them at a reasonable price." Weather observations are made worldwide on a timely basis, with data being made available to the public without government interference. Big data technology allows for a systematic data management, while blockchain platform enables a transparent data exchange.

To achieve this goal, the OBSERVER collects data, conducts quality control and develops standards for data transactions. Unlike public and industry weather services that require large initial investments in sophisticated instruments, crowdsourcing enables individuals and private firms to make their own observations at any place and time.

Weather observation is already an indispensable part of people's daily lives. For example, a person can measure air temperature or pressure by using his/her smartphone and share the data online. In other words, without any expensive instrument or expertise, individuals can measure meteorological conditions and instantly send out their data via worldwide cable and wireless networks. This may help overcome the limitations of existing public observation systems and inefficient data exchange platforms.

3-1. A NEW PARADIGM

The Weather Company has access to over 200,000 weather stations across the world and is using real-time data to feed a multi-billion dollar weather industry. The OBSERVER aims to broaden such weather networks by including over three billion smartphones, one billion automobiles, 20,000 aircraft, 50,000 vessels, and countless private weather stations across the world. Individuals and private firms could easily collect and share their data by using simple instruments that do not require sophisticated skill sets. Once the collected data is quality checked, the data can be sold in real time to both private and public sectors. All transactions take place on a blockchain platform in a transparent manner.



OBSERVER ecosystem

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3-2. OBSERVER ECOSYSTEM

The OBSERVER ecosystem consists of data providers, buyers, and the OBSERVER foundation. Data providers send real-time observations to the OBSERVER foundation where observations are quality controlled with big data technology and processed into the database. Once verified, data providers receive payment in OBSERVER coin (OBSR), and buyers purchase the data with OBSR.

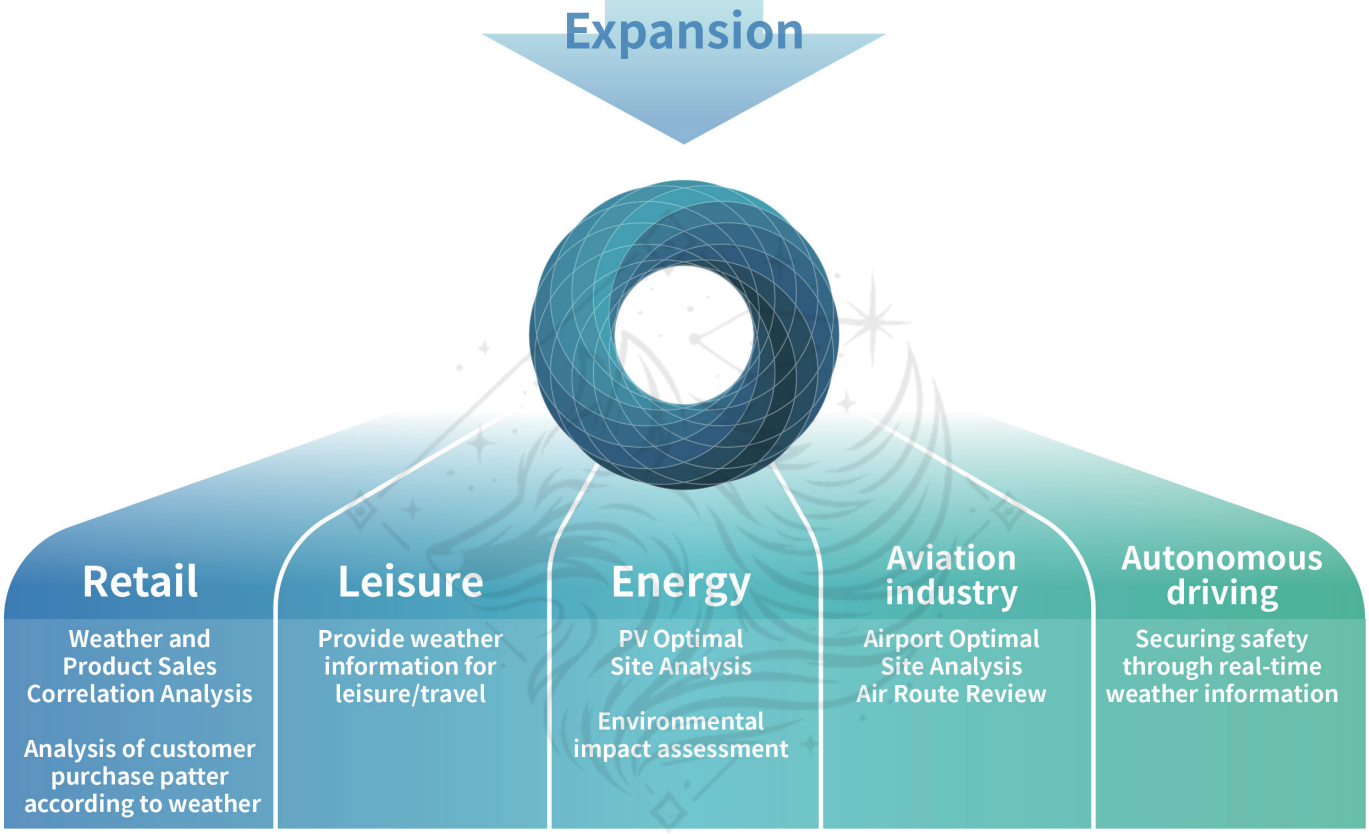
Since the OBSERVER foundation accepts data from many different sources, quality control is critical. All data is subject to quality control by the OBSERVER foundation. Although this may seem different from the idea of a decentralized blockchain platform, it is a necessary move to ensure data quality.

Buyers of historical and real-time weather data could be individuals, companies or government. Customers, like weather service providers, can process OBSERVER's data to offer real-time information on urban weather. Weather information obtained from automobiles can be directly applied to automobile navigation systems. By combining OBSERVER's data with AI technology (e.g., IBM's Watson and Google's deep learning algorithm), weather service providers can make hyper-local short-range weather forecasts. Daily observations can be also purchased by government agencies in agriculture, energy, disaster prevention and public services. Among others, the data archived in the OBSERVER foundation can be useful for local governments looking to develop smart cities.

Airlines and ship routing companies can take great advantages of OBSERVER's real-time weather data as well. Airlines can use OBSERVER's data to check airport weather and monitor clear air turbulence. As for ship routing companies, they can monitor real-time weather and marine conditions with OBSERVER's data.

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Weather Observation / Data Trading Business



Observer Business Expansion Strategy

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As the observer's business expands, various observers participate in the world and real-time data related to the world's weather is collected in the observer. In addition to the platform business to purchase and use collected weather information, the Observer Foundation can provide data suitable for the use of various individuals, companies and buyers such as retail, leisure, energy, airline business, and autonomous driving business. We will further invest and improve our data collection, analysis, and processing technologies.

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3-3. OBSERVER COINS

All payments and transactions in the OBSERVER are made in OBSR, a transaction coin.

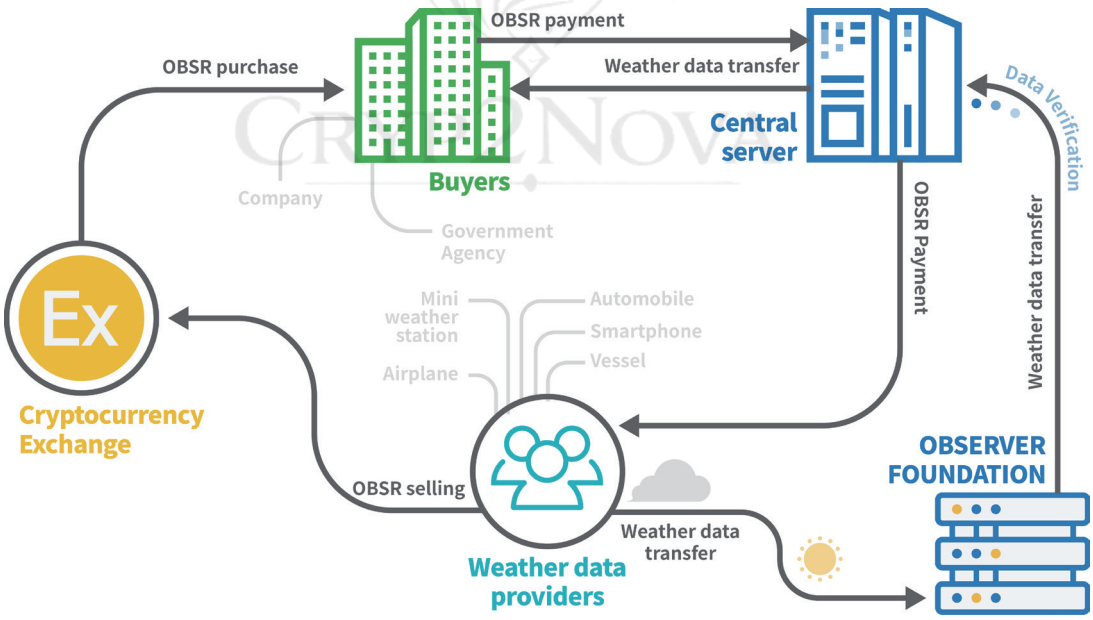
OBSR (OBSERVER Coin): COIN FOR TRANSACTIONS

OBSR is a coin listed on the cryptocurrency exchanges and used in transactions of the data. The data providers receive OBSR on two separate occasions: the first is when their data is quality-checked and the latter is each time the data is sold. In order to access weather data, buyers need to purchase OBSR from the cryptocurrency exchanges and pay in the OBSERVER foundation. The value of OBSR will increase with a greater public interest in the OBSERVER project and higher demand for its data. This, in turn, will result in better compensation for the data providers.

OBSERVER AND BLOCKCHAIN TECHNOLOGY

The OBSERVER uses blockchain technology to enable transparent data management, effortless data trade and efficient compensation.

A buyer can immediately purchase the weather data by paying with OBSR anywhere in the world. The use of OBSR eliminates the issues that arise from conventional purchasing methods, such as unstable foreign exchange rates and disturbances in wiring and mailing remittances. The details of transactions are recorded in the blockchain and are managed transparently.

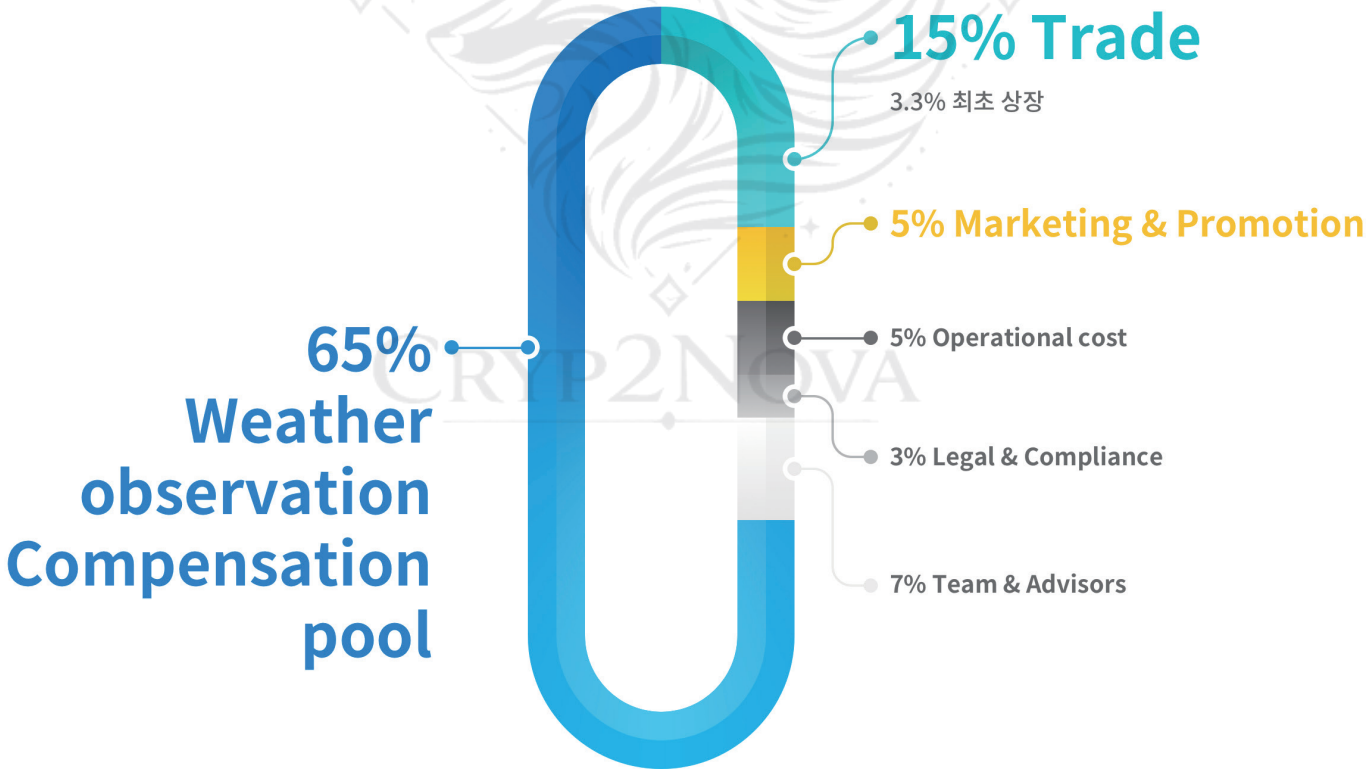


Economic model of OBSERVER

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4. OBSERVER COIN(OBSR) ALLOCATION

The total supply of OBSR is limited to 15,000,000,000 (15 billion) units, and they will be allocated as below to ensure the success of the business.



Coin allocation

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4-1. Observation compensation

The two third of the total supply (65%) are allocated to the observation compensation pool. The total amount of OBSR allocated to annual weather observation compensation is flexible and determined each year.

4-2. USE OF FUNDS

The cryptocurrencies raised through the OBSR sale will be converted into fiat currencies, which will be used for the establishment of the OBSERVER foundation and its marketing activities.

- OBSERVER foundation establishment 30%
- Meteorological instruments development & distribution 30%
- Development of weather solutions 10%
- Data quality control 10%
- Operational expenses 20%

4-3. COIN LOCKUP

The coin supply allocated to the OBSERVER foundation team and advisors (7%) is locked up for one year after the initial. The locked-up coins are not distributed among individual team members but will be kept in the OBSERVER foundation e-wallet. This quantity cannot be sold through the cryptocurrency exchanges or to a third party during the lockout period. This is intended to encourage the team members and advisers to devote themselves to the success of the OBSERVER project. The unlisted coins in the listing pool (11.7%) are also locked up for one year. The coins allocated to additional operational costs (8%) are locked up for six months.

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5. Roadmap

2018

May.
- Technical Note, Business Note Release
- Observer Weather Station Prototype Production

Sep.
- Construction of Observer Beta Server

Oct.
- Switch Over to Observer Main-net
- Development of Real-Time Observation Data Quality Control Algorithm

2019

1Q
- Development of Weather Station Ver.1

2Q
- Development of new Weather Sensors

3Q
- B2G Weather Station Network Construction (Korea)
- B2B Weather Station Network Construction (Overseas)
- Development of Weather Station Ver.2

4Q
- B2C Business Model development
-Observer App Release (Weather Observation & Mining)

2020

1H
- B2C Business Model expand
- Development Big Data processing technology
- Release Weather Station Ver.2
- Development of Observer A.I Algorithm (Forecast)
- Observation Data Sales

2H
- Development of autonomous driving linkage system
- Advancement of weather information processing system (Aviation industry)
- Personal weather station (PWS) development and Sales
- Partnership with major smartphone manufacturers

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6. LEGAL CONSIDERATIONS AND RISKS

Contributions can only be made by people or entities that have broad knowledge, experience, and understanding about cryptocurrency markets. The contributor understands that despite the collateral efforts of parties involved in the development of the OBSERVER project, it is possible that the project might fail and the OBSERVER coin (OBSR) becomes worthless. The contributor also understands that even if the OBSERVER project is successfully developed and launched, the project could be dissolved due to lack of public interest, changes in law and legislation or other uncontrollable reasons. Hence, the contributor understands that the OBSERVER project involves significant financial risks, and if they are not in the position to accept risks, they should not participate in the OBSERVER project.

OBSR is a utility coin and does not provide any rights other than the rights to use the OBSERVER platform. OBSR is distributed not for investment or speculative purposes. The contributor understands that OBSR does not supply any kind of income and/or ownership rights, or rights to receive any kind of future income and/or ownership rights. The contributor understands that they will not possess any voting rights or governance rights, or any rights to influence the development of the OBSERVER project in any way.

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