

Interviewee: Founder of REM Zdravko Loborec
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Questions:

1. There is a critical concept “coin change/improvement”(coin change/improvement means changing companies and other economic bodies’ stock rights, property rights, securities, commodities and services, etc into unified token form)“coin change/improvement” is very hot in China now, then what is your opinion about its behavior and mode? But it is facing lots of questioning, most people think most of companies that accept “coin change/improvement” are traditional internet companies and they do not develop well. Do you think “coin change/improvement” can make companies develop much better?

Yes I think coin change / improvement can make traditional and internet based companies work better. There are too many inefficiencies. In my industry, loyalty rewards, the companies let reward points expire (up to 80% of people lose their points forever) and have many rules which stop you from combining them together or giving them to other people. These rules protect them but not the people. Our reward points transfer freely and never ever expire. That means you get better confidence. Also, because we are built on the Stellar blockchain protocol, we are highly efficient (less staff) which means you use fewer points to redeem for goods and services. See the diagram below which compares our program to typical airline programs reward points. You can see that you only use ½ to as little as one third of the points, we even pay for taxes!



In its last report, Bond Loyalty (*The Loyalty Report 2017*) stated that people had low satisfaction with loyalty rewards programs, in fact the highest was only 50% satisfaction. We think by coin improvement we can get this much higher.

2. REM partners with traditional companies, like foods, clothing, housing, transportation, etc. Make them be more powerful with blockchain technology. So your business should belong to one business mode of “coin change/improvement”. Then why these companies need to cooperate with you and use REM? What specific key issues does REM want to solve for traditional companies?

Companies who buy our reward points find it easier to communicate with the people who buy their goods and services and therefore get better consumer data. And it is also easy to work with us

because have APIs and plug and play solutions which connect their client systems to our reward points program to make it all automatic. It is controlled by a mobile App. And end users get better value for money from the REM reward points. Also, for companies who buy our reward points, they can always sell them back whenever they like. That is a big benefit. Normally, loyalty rewards programs do not take their points back.

3. What are the benefits for users? What are the values for enterprise development?

I think this is partly covered in number 2 above in part. But also, the benefit extends to connecting companies to the 50 million holders of bitcoin and Ethereum and other alt coins. These people are looking for good ways to spend and our rewards make this easy for them. That is good for companies as well as people and you do not need to use exchanges, it is just wallet to wallet.

4. Could you please detail issuing mechanism of REM? What is the percentage for each party? How do they use them?

There are 3 billion REM in existence. Companies (our partners) simply contact us to buy the REM or buy them from the market after October 31 to get stock of them. Users earn REM by booking hotels and flights, performing exercise, paying their rent or shopping. They are quite easy to earn. For people who would like to buy them during our Loyalty Token offering from September 4 onwards, they simply need to download the App from our website. The website will change on September 2 to allow for the purchases.

5. What consensus mechanism does REM use? How do community members govern communities together?

The Stellar Consensus Protocol is an evolution of blockchain. It has decentralized control, low latency, and works on flexible trust. The protocol works through the use of quorums, which are a set of nodes used to reach an agreement. The Stellar network is able to process a large number of transactions quickly and for fractions of a penny because there is no mining involved. That is very different to how bitcoin works or Ethereum. The quorums securely reach consensus by exchanging signatures. Stellar is so fast and has such low costs that it is rising in popularity very quickly. It is perfect for a loyalty rewards program. By using it we can ensure free transfers and no transaction costs.

6. REM is free to be exchanged (the sooner of October 31 or 350 million REM sold), it means over 10% of REM is trading on exchange, how do you prevent the price fluctuates sharply, even price declining?

We changed the date to the sooner of October 31 or 350 million REM issued. We are not worried about the price fluctuating. Our reward point, the REM, is issued to companies at the same price as other reward points but it gives much better value for money (see diagram above as example) so we do not worry. But whether the price goes up or down, that is the whole point. It is not controlled by us. It is controlled by the people, the end-users. We have put the power into the hands of the people and do not make up values like traditional reward companies do. The people, the end-users and the companies, will tell us whether the REM is popular or not. The problem with centrally controlled rewards programs is they devalue reward points. Last year in the USA, airline reward points devalued by 16.4% in one year which is a terrible outcome for holders of rewards points (*WalletHub 2017 Report 71.59 point average value in 2016, 59.85 point value in 2017*)

7. If REM and loyalty points are combined, when REM price is declining sharply, the users can use the same quantity of REM for same services ? How can you protect the interests of your partners?

No, if the price of the REM declined you would need more REM to redeem for the good or service. The opposite is also true, if the price of the REM goes up, then you need less. People will likely choose when to redeem for goods or services but we do not expect much fluctuation after we hit the market. As we are a utility business, not for speculation, we expect it will be a reasonably stable price. But please see the next point in number 8. Because we use real values, consumers can take advantage of any movement in underlying goods or services prices.

8. How do you connect the prices among loyalty points, REM and REM secondary market? What are the relationships among them? Is it right if I say REM is a kind of decentralized member points for enterprises?

Yes, you have captured the concept well, it is a decentralized member points system. All goods and services are valued at their real prices on the day. So for example if cheaper flights are available from an airline, then people will use less REM that day versus the next day. That does not happen with normal loyalty reward programs because they use made-up points values that are always the same inflated values. Those traditional programs fail to pass on savings of the underlying good or service that happens quite regularly. We pass them on immediately.

9. What global partners do you have for now? How do they use REM? Are they happy to use them? Do you have some plans to open Chinese market?

We would love to support Chinese businesses! Any business that would like to see more growth and have well rewarded clients would benefit from working in partnership with us. Right now our partners include the global ride-share company UBER. Also a property company called RentalMiles which rewards people who rent (tenants earn REM just for paying their rent on time, they do not need to pay any extra at all). We also have a partnership with Performance Labs which is an athletic company; pinnedit.com the global travel and hotel booking company; and StubHub the global entertainment and ticketing company. We are now also in discussions with a health insurance and a debit card company to be their reward partner too. We currently have staff in Seoul, Tokyo, US and Canada.