

Digital Assets Research

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Flexa TL;DR

- Flexa is a leading blockchain payments network accepted in 40,000+ merchant locations
- Facilitates fast, inexpensive, and fraud-resistant payments for merchants
- Anyone can participate in and earn fees from network by staking AMP collateral tokens
- Novel partition schemes allow stakers to retain custody over staked AMP tokens
- Strong team with decades of experience in payments & law
- Risks:** Crypto payments fail to gain market fit, AMP illiquidity or volatility, crypto regulatory risk

Key Token Stats

Token Price	\$0.0038
Range (52W)	\$0.013 / \$0.001
Market Cap	\$123.7M
Circulating Supply	32.8B
Volume (24H)	\$0.12M
Source: Coinmarketcap	
Data as of 11/2/20	

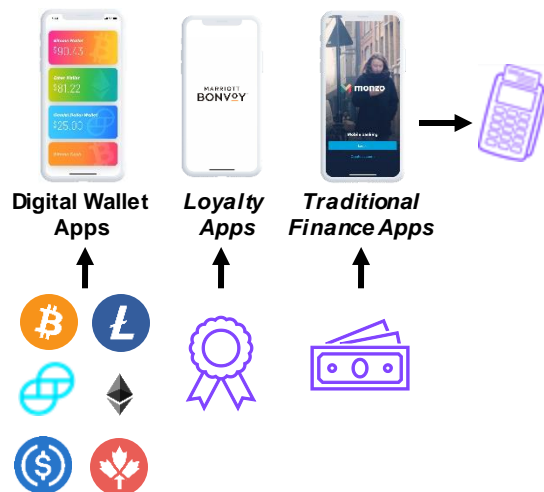
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Flexa: On a mission to make digital assets universally spendable

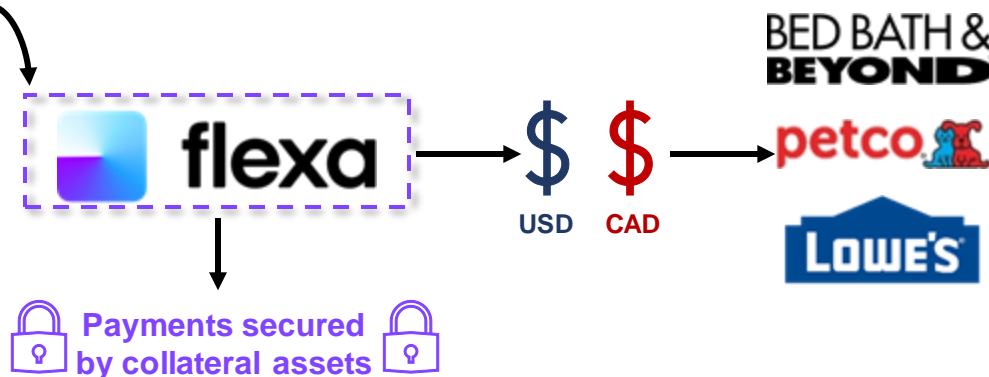
AMP digital collateral token designed to decentralize risk in payment transactions



Customers pay with digital assets using mobile apps

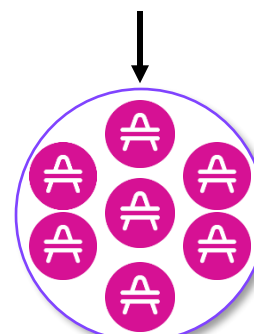


Merchants are paid in fiat



Message from the CEO

"The anti-fraud and cost benefits of global cryptocurrency payments are enormous, but there are many barriers to mainstream adoption for merchants and consumers alike. Flexa's going to change that, and very quickly,"
- Tyler Spalding, Flexa CEO



**AMP (AMP)
Collateral Pool**

Flexa Payment Demo ([Link](#))



Flexa is currently supported on several digital wallet apps with plans to expand to loyalty apps and traditional financial apps in 2021



Company Overview



flexa

Co-Founder and CEO:

Tyler Spalding

Headquarters:

New York, NY

Founded:

2018

Summary

- **Flexa** (“the Company”) is the New York-based payment company behind the Flexa payments network. The Company provides payment solutions that reduce costs and fraud by leveraging blockchain technology. Flexa is currently accepted by leading merchants such as Bed Bath & Beyond, Lowe’s, and Petco across 40,000+ locations in the U.S. and Canada.
- The Company was founded in 2018 by Tyler Spalding, Trevor Filter, Zachary Kilgore and Daniel McCabe who have decades of consumer payments and legal experience.

Company Objectives

- Facilitate payments in **any digital asset to any merchant with settlement in the merchant’s fiat currency of choice**
- **Make global commerce more efficient and accessible** by making digital assets spendable everywhere
- **Compliance.** Ensure payments are fully compliant with regulations in supported jurisdictions

Value Proposition

- **Reduce payment processing costs and fraud** for merchants by leveraging digital asset networks
- Full suite of developer tools (SDKs, Plug-ins) **enable merchants and apps to easily accept and make payments with Flexa**
- Anyone can participate in securing the network **by staking the network’s digital collateral asset, AMP, to earn rewards**
- **Zero instances of payment fraud** since network launch in 2019

Financing History

- The firm is well capitalized **having raised over \$14M in a private token sale in 2019**
- Flexa has backing from leading investment firms including **Pantera Capital, 1kx, Nima Capital, Access Ventures, and other strategic partners**



Source: Fundstrat, Flexa



Team has decades of experience in payments, technology, and law



Tyler Spalding

**CEO and
Co-Founder**

- Tyler has founded and invested in various blockchain projects since 2011
- Chief Technology Officer at Raise; a mobile application which allows consumers to earn rewards on in-store and online purchases
- Co-Founder & CEO of Tastebud Technologies which was acquired by Raise in 2015
- Engineering Lead with the United Space Alliance, US Air Force, and NASA's Space Shuttle Program



Trevor Filter

**Head of Product and
Co-Founder**

- Trevor began his career at the MIT Media Lab and has been designing award-winning customer-centric experiences for 10+ years
- Senior Product manager at American Express
- Head of Product & Design at Raise
- Co-Founder and Head of Product at Slide, a mobile payments app where customers can earn rewards online or in store through contactless checkout



Zachary Kilgore

**CTO and
Co-Founder**

- Zach has 8+ years of experience engineering front-end and backend software platforms and infrastructure for payments and mobile
- Engineering Manager at Raise
- Director of Software Engineering at Slide
- Front-End engineer at Warby Parker
- Holds a Bachelors in Computer Engineering from Duke University



Daniel McCabe

**General Counsel,
CCO and Co-Founder**

- Daniel has 20+ years of business law experience across technology, blockchain, finance, and more
- Partner at Greensfelder, Hemker & Gale, P.C.
- Managing Partner at McCabeMiller LLC
- Executive Vice President & General Counsel at Vanquish Capital Management
- Holds a JD from the Chicago Kent College of Law

Previous Experience



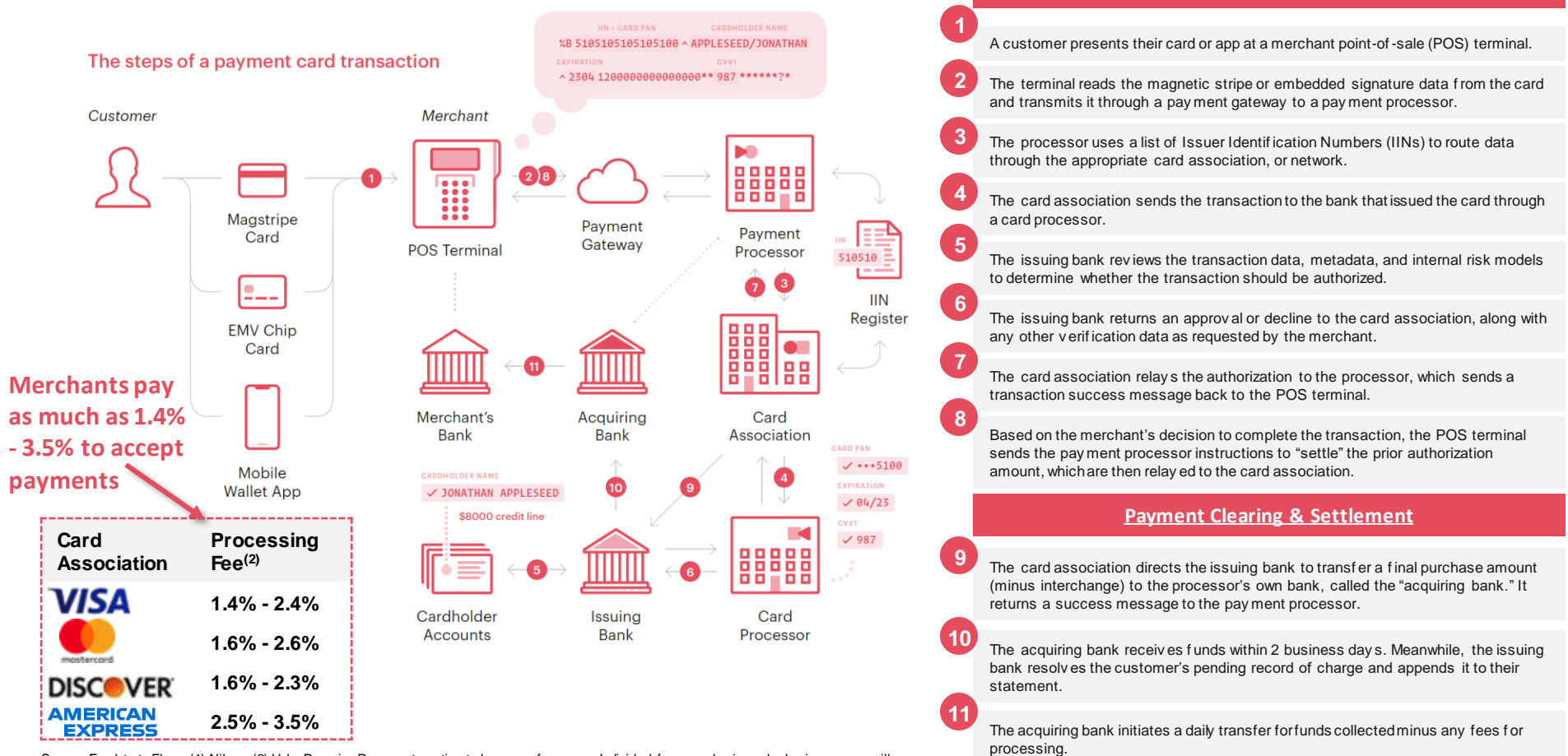
Source: Fundstrat, Flexa

Payment processing can be an expensive and complex process for merchants

Accepting payments is a significant and persistent operating cost for merchants that comes with the added complexities of fraud and chargebacks. A standard payment card transaction can involve 10+ discrete steps as outlined below.

- **Given this complexity, U.S. merchants accepting credit, debit and prepaid cards expended an estimated ~\$115B in processing fees last year and fraud remains an issue.**
- **Losses due to payment processing fraud total ~\$10B annually in the U.S. with ~\$7B (70% of total) being borne by payment card issuers and the remaining ~\$3B (30% of total) being borne by merchants and other participants.⁽¹⁾**

Figure: Illustrative payment card transaction in U.S.



Source: Fundstrat, Flexa, (1) Nilson, (2) ValuePenguin; Represents estimated average fee range. Individual fees on a business by business case will vary

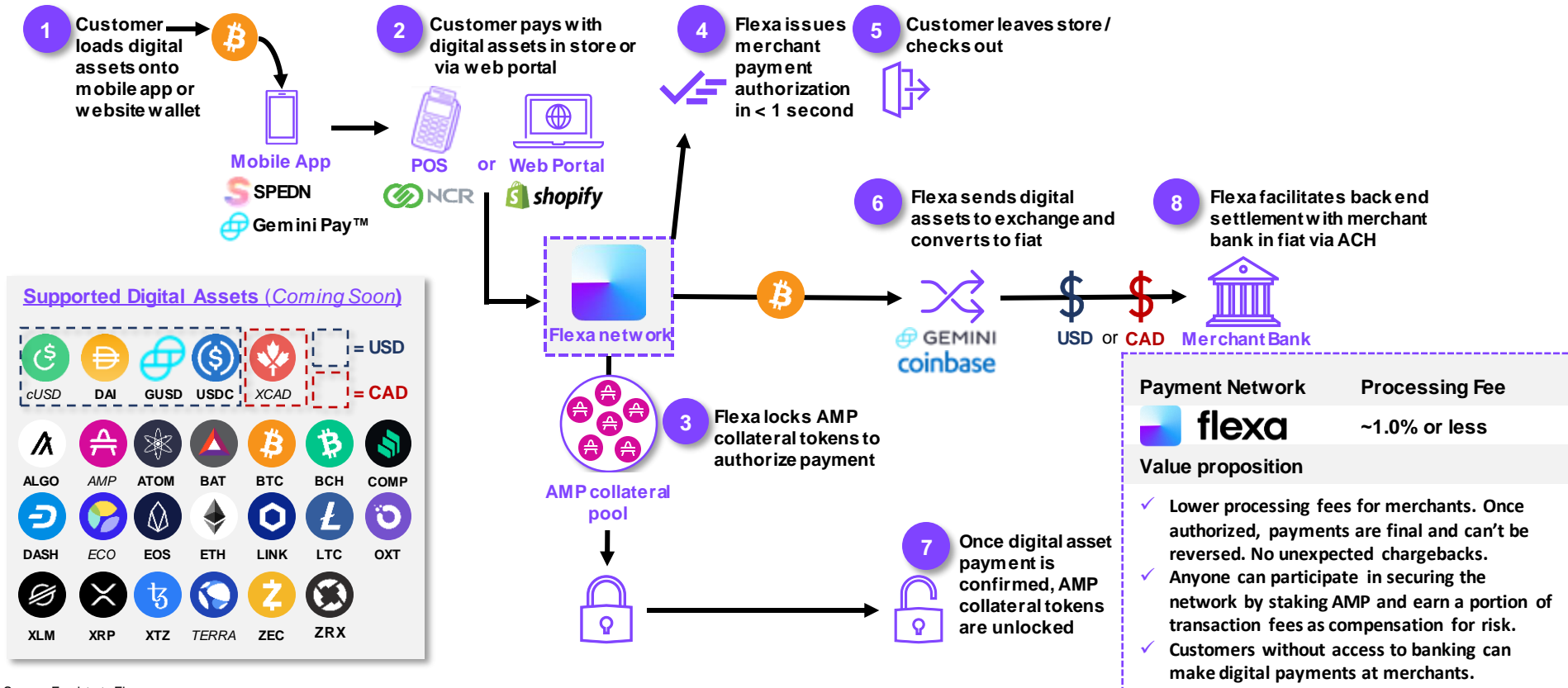


Flexa's payment network facilitates low-cost and fraud resistant payments

The Flexa network is an open payment standard that enables instant digital asset payments in-store and online. The network acts as an intermediary between merchants and the blockchain and provides merchants inexpensive and fraud-resistant transactions with zero exposure to digital asset volatility.

- Once a customer spends digital assets in store or on a website, merchants using Flexa receive instant (< 1 second) and final payment authorization protecting them against fraud or chargebacks.
- Payment authorization is issued by Flexa against a pool of collateral assets (AMP tokens) that secure the network and offer merchants protection from loss in the unlikely event of unconfirmed crypto transactions.
- Flexa handles all digital asset transactions and facilitates settlement with merchant banks in their fiat currency of choice (USD and CAD are currently supported).

Figure: Flexa Illustrative Payment Diagram



Source: Fundstrat, Flexa



Introducing AMP: The new collateral asset for the Flexa payments network

To support instant payments at retail points-of-sale, the Flexa team introduced a collateral token, Flexacoin (FXC) in April 2019. Flexacoin is used to temporarily secure cryptocurrency transactions while they are awaiting confirmation on the blockchain.

- **On September 8th 2020 Flexa launched AMP; the new primary collateral asset for the Flexa payments network, which replaces FXC. The comprehensive AMP token whitepaper can be found [here](#).**
- **AMP will retain the same token supply schedule and token economics as FXC. However, it comes with several technical upgrades such as bringing collateral supply transactions onto the blockchain, adding support for AMP's use as collateral in other non-Flexa applications, and removing Flexa's ability to make changes to the underlying AMP token contract. A detailed explanation of the technical upgrades can be found [here](#).**

Figure: Flexacoin (FXC) to AMP (AMP) Token Swap

Key Dates	
9/8/20	AMP launched on Ethereum mainnet
9/11/20	AMP deposits available on Gemini
9/30/20	FXC no longer receives staking rewards ⁽¹⁾

Message from the CEO

"The Amp token demonstrates Flexa's unrelenting commitment to DeFi and to building new technologies that will democratize access to payments for people all over the world,"
- Tyler Spalding, Flexa CEO

Token Swap: September 8th 2020



Flexacoin (FXC)



AMP (AMP)

Source: Fundstrat, Flexa, (1) On September 30, 2020, Flexa Capacity (slide 8) stopped supporting Flexacoin. Accordingly, all rewards in Flexa Capacity are now distributed based on AMP balances alone. Any Flexacoin remaining in Flexa Capacity remains available to migrate to Amp. However, Flexacoin stopped earning network rewards on 9/30/20.



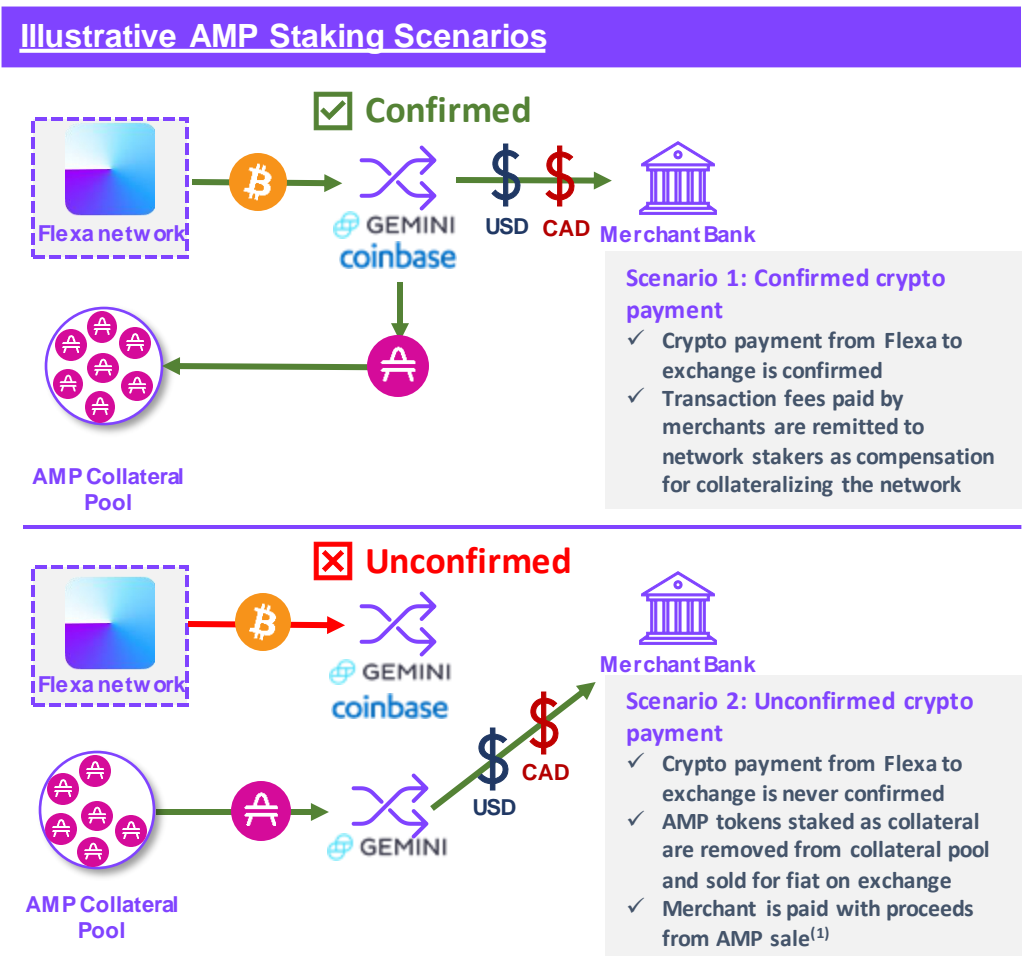
AMP collateralization: Making Flexa payments fraud resistant

Settlement times for digital assets can vary substantially, especially during times of high network demand. To facilitate instant payment authorization at POS in store or online, Flexa payments are collateralized by a pool of AMP tokens.

- **By staking AMP, token holders can earn rewards (network transaction fees) as compensation for the risk of having their collateral tokens liquidated in the event that digital asset payments from the Flexa network to exchanges are never confirmed.**

Figure: AMP Overview; Illustrative AMP Staking Scenarios

AMP Token Overview	
Symbol	AMP 
Native Platform	Ethereum (ERC-20 compatible)
Primary Purpose	Collateral Asset
Price	\$0.0038
52 Wk Range (High/Low)	\$0.013 / \$0.001
Market Cap (\$M)	\$123.7M
24H Volume	\$0.12M
Circulating / Total Supply	32.8B / 100B
Supply locked (\$M) / % Circulating Supply	\$65.9M / 56.2%
Supported Exchanges	 GEMINI
Development Partner	 CONSENSYS
Independent software security audits and testing conducted by:	  



Source: Fundstrat, Flexa; (1) In the event of an unconfirmed crypto payment, AMP liquidation proceeds are subject to liquidity risk and could vary meaningfully based on the degree of secondary market liquidity.



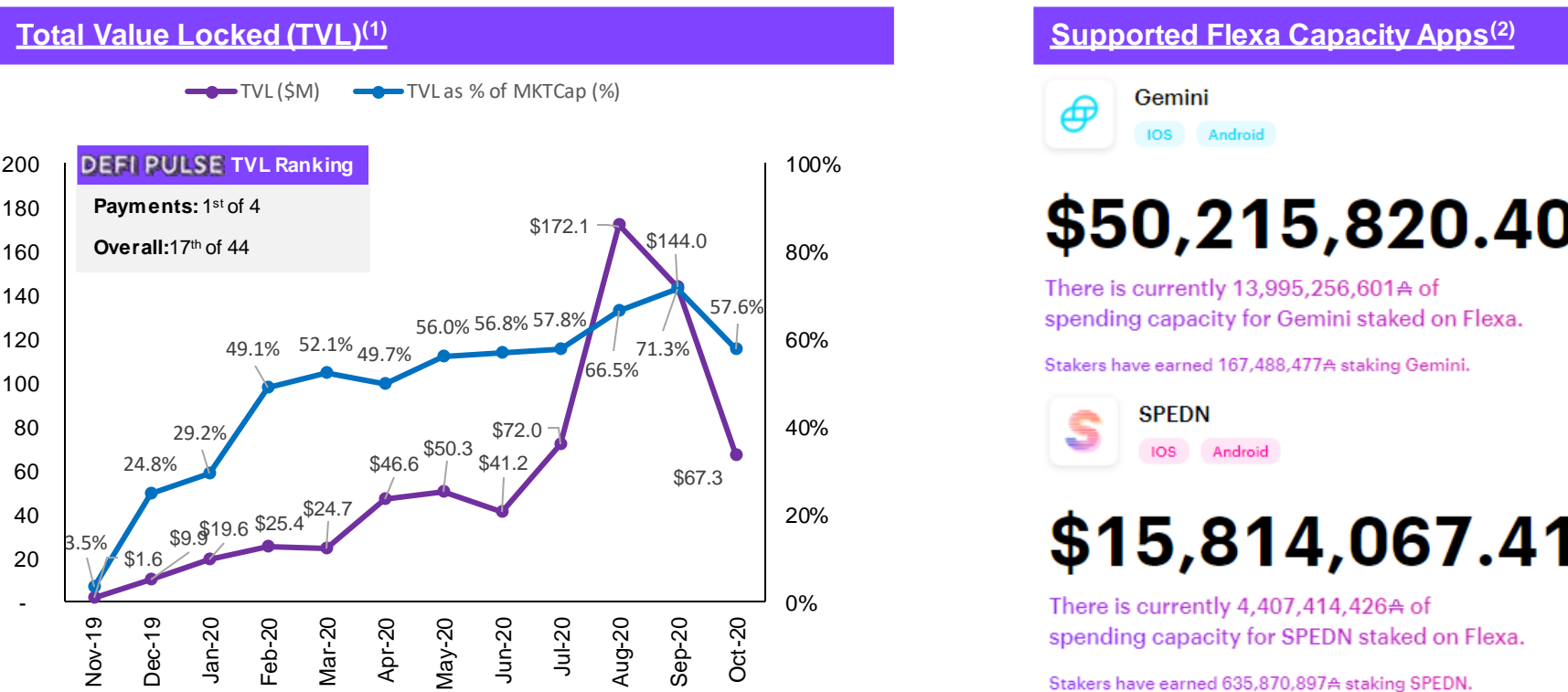
Capacity: Flexa's decentralized application ("dApp") facilitating AMP staking

Through Flexa's Capacity dApp, AMP can be used to secure payments on the Flexa Network. There are currently two live apps against which Flexa can be staked: Gemini Pay and SPEDN. Several other apps currently adding support ([Slide 11](#)).

- **By staking ("locking up") AMP, token holders earn rewards in the form of a portion of network transaction fees generated by the app against which they are staked.**
- **While payment volumes scale to organically support the network, Flexa is conducting an initial distribution of 1 billion AMP rewards through 2020 which are paid out to AMP holders who stake their tokens using Capacity.**
 - **The distribution occurs at a rate of 2.5M AMP per day on 15-minute intervals through the end of 2020. Rewards are apportioned pro rata across all staked AMP at each interval.**

Figure: Flexa Capacity Statistics

Data through 10/31/20



Source: Fundstrat, Flexa, DeFiPulse, CoinmarketCap; (1) September TVL as % of market cap represents estimate and actual values may differ slightly. (2) More information on how to stake AMP and participate in the network can be found [here](#).



AMP (AMP) Supply Schedule

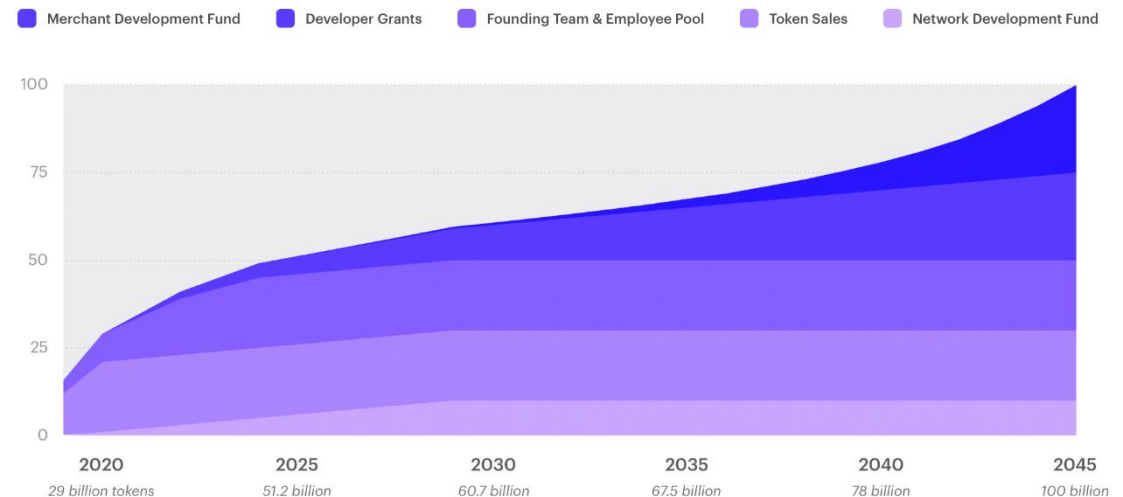
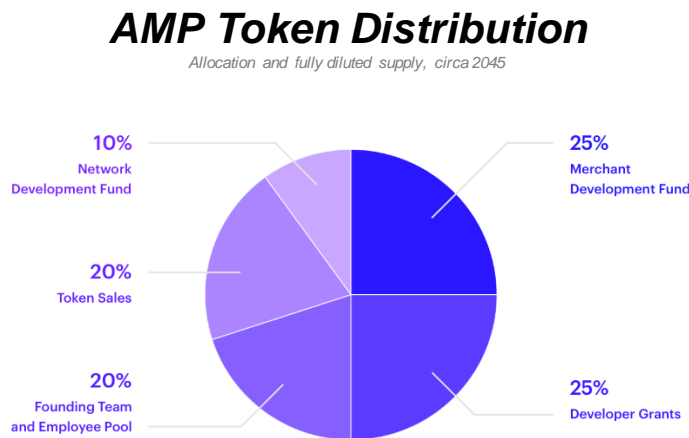
There are currently 32.8B / 100B total AMP tokens in circulation (32.8% of total). The total supply is projected to be in circulation by 2045 and the supply schedule is as follows:

- **Merchant Development Fund (25%)** - Designated solely for supporting merchant integrations with the Flexa network. These tokens are generally reserved for longer-term efforts to facilitate merchant acceptance of Flexa-enabled apps, such as large-scale hardware deployments or software upgrades.
- **Developer Grants (25% of supply)** - Tokens that will be used to help increase the adoption of AMP for payment collateralization. Starting in January 2020, 1 billion AMP will be granted each year to developers who are interested in enabling AMP-collateralized payments in their apps. These tokens will be stake-locked for a period of twelve months upon granting, after which they will be unlocked for general circulation by the developers who receive them.
- **Founding Team and Employee Pool (20% of supply)** - Reserved for incentivizing current and future Flexa team members. All supply from this allocation will be distributed on a four-year vesting schedule with a one-year cliff in order to ensure ongoing involvement with the project.
- **Token Sales (20% of supply)** - Includes all AMP tokens that have been externally distributed thus far. Of this token sale allocation, 16.5 billion tokens have been distributed so far.
- **Network Development Fund (10% of supply)** - AMP tokens that will be used to support the development of the Flexa network over the first decade of its operation; to be disbursed at a rate of roughly 1 billion tokens per year.

Figure: AMP Supply Schedule

AMP Liquid Supply Curve

Projected liquid supply in billions of AMP tokens



Source: Fundstrat, Flexa



Flexa is accepted at a growing base of ~40,000 stores across U.S. and Canada

Merchants can integrate Flexa payment technology into their existing hardware and software systems without the need to upgrade technology already in place.

- The Flexa network connects directly to merchants' back-end processing platforms allowing merchants to avoid Mastercard and Visa card networks, reduce transaction costs, and benefit from the fraud resistant nature of crypto.
- Flexa is now accepted in 40,000+ store locations across the U.S. and Canada and the Company is working to extend services to Europe and Mexico.

Figure: Select Merchants Accepting Flexa

Office DEPOT
OfficeMax

**BED BATH &
BEYOND**

LOWE'S



petco

ULTA
B E A U T Y

GameStop

Source: Fundstrat, Flexa














Flexa has a growing base of supported mobile apps and integrations

Flexa is currently supported on two mobile applications with plans to add support for 7 more applications.

- Flexa is supported on several NCR payment terminals and on any POS integrated with the NCR Connected Payments gateway. NCR is the largest point-of-sale (POS) software vendor in the world.
- The Flexa Connect plug-in for Shopify is currently in beta testing and when released, will allow website owners to accept Flexa payments directly on their website.

Figure: Applications with Flexa support; Integrations

Mobile Applications ⁽¹⁾	Compatibility		Key Features			
	IOS	Android	Buy & Sell Digital Assets	Store Assets Securely	Pay with Flexa	Earn interest on deposits
 SPEDN	✓	✓		✓	✓	
 Gemini Pay™	✓	✓	✓	✓	✓	
 BRD			✓			✓
 Celo Wallet			✓	✓		
 CoinList			✓			
 Coinme			✓	✓		
 Dharma			✓			✓
 ShapeShift			✓	✓		
 ZenGo			✓	✓		✓
Coming Soon						
Developer Tools/ Integrations	Description					
 Connect for NCR	Accept Flexa in stores. Support for several NCR POS terminals and on any POS integrated with the NCR Connected Payments gateway. See demo here .					
 Connect for Shopify	Accept Flexa on the web. The Flexa Connect plug-in for Shopify enables merchants to accept Flexa payments on shopify websites.					
Spend SDK	Enable apps to spend digital assets. The Flexa Spend SDK makes it easy for app developers to integrate Flexa payments onto IOS and Android apps.					
Coming Soon						Connect merchant points-of-sale to Flexa network
						Enable Flexa payments on apps

Source: Fundstrat, Flexa



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