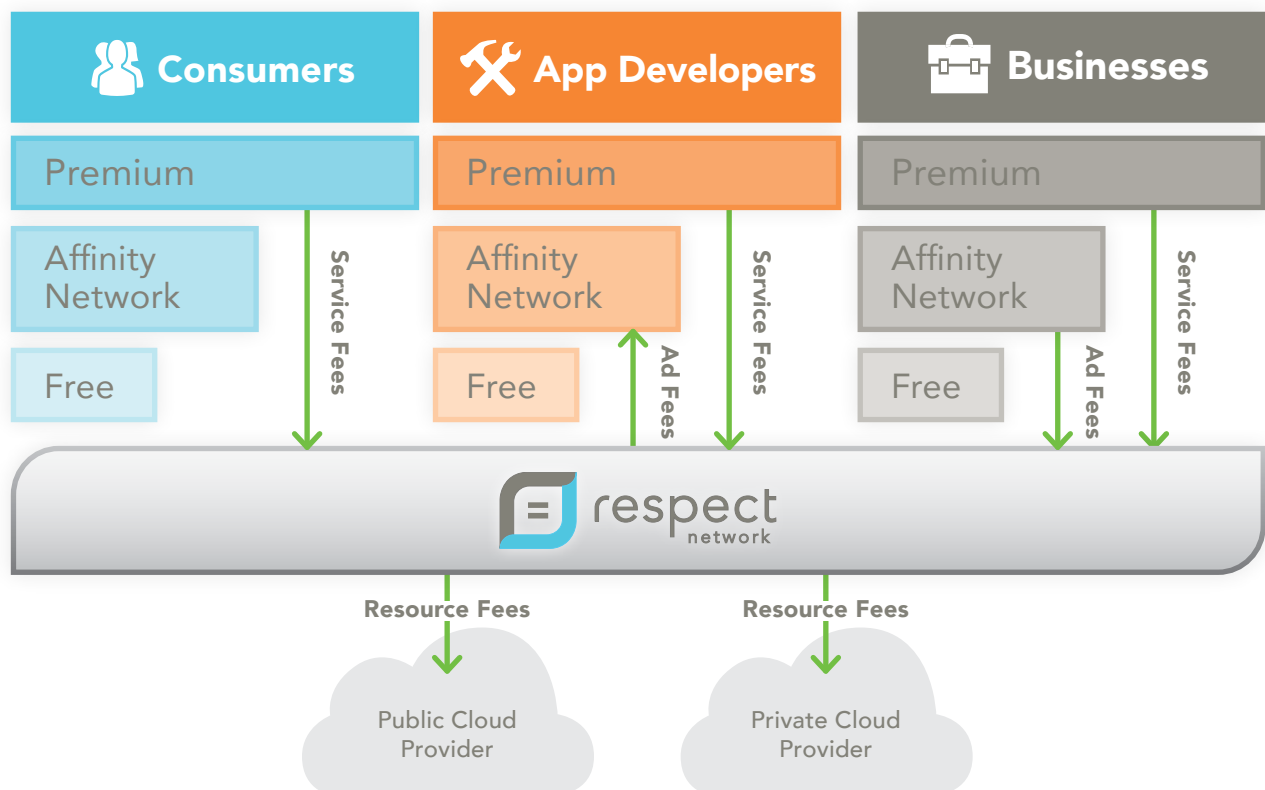# The Respect Business Framework

Introduction

The Respect Network is a fundamentally new kind of network—a web-of-trust network—that demands not just new technology and new policy, but a new business model that aligns the interests of all the members to protect privacy and personal data control rather than erode it.

This document explains the **Respect Business Framework**—the business model Respect Network Corporation is incorporating into the Respect Trust Framework in order to build a long-term sustainable solution for secure, private, trusted communications.

The Respect Business Framework

The overall framework and flow of revenues and expenses is summarized in this diagram.

Customers

The Respect Network serves three customer groups:

1. **Consumers**—individuals who want a private personal cloud for private messaging and data sharing in their own personal sphere, i.e., independent of any business or group of which the individual is a member.

2. **Businesses**—organizations who want a private business cloud for private B2B and/or B2C communications and data sharing.

3. **App Developers**—businesses who build and distribute apps that run on the Respect Network web-of-trust platform—**and who are also our key partners in the value chain.**

Pricing Tiers

Three basic pricing tiers apply to all customer groups:

1. **Free**—the entry level available to all customers at no charge.

2. **Respect Affinity Network**—see the full description below.

3. **Premium**—paid monthly or annual subscriptions.

The Free Tier

Basic use of the Respect Network is free to all customers because of the advantages of the well-established [freemium model](#):

- **It eliminates friction in viral adoption,** dramatically increasing network effects (e.g., Dropbox, LinkedIn, Badoo).

- **It encourages customers to "try before they buy"**—specifically to experience features that motivate them to upgrade to paid service.

- **It incents others in the ecosystem** (e.g., app developers) to also contribute a free level of service.

The limits on freemium service levels will be based on Respect Network Corporation's cloud hosting costs. Our primary cost of goods are the underlying cloud computing services we purchase from public cloud providers. The higher the volume, the lower we can negotiate these costs and the more service we can afford to provide at the free level. See the [Cost Model](#) section for more.

Freemium Service for Consumers

The goal of freemium service for individuals is to enable them to sign up and start using Respect Network apps as easily and quickly as possible. Once a user has a Respect Network account and begins making connections, sending/receiving messages, and storing/sharing data with their personal cloud, they can reuse all of it with any other Respect Network app.

Just as with Dropbox, where the first 2GB of storage is free, as soon as an individual hits the Respect Network freemium limits (for storage, bandwidth, or computing resources), he/she will be motivated to upgrade by either joining the Respect Affinity Network or moving to a paid subscription.

Freemium Service for Businesses

While the freemium model was first pioneered for consumer apps and services like Dropbox, it has since been applied even more successfully to business SaaS services like [Slack](#). As a collaborative team communications product, Slack is the most successful SaaS service in history, having [raised over $200M and achieved a $2.6B valuation in less than 2 years](#). Slack offers free service to business teams and has achieved a free-to-paid conversion ratio of over 25% (compared to an average of 4% for consumer freemium services).

Respect Network will emulate Slack by offering a free level of service to any business that wants to start using a private business cloud for secure messaging and data exchange with any other Respect Network member. Our goal is to also emulate Slack's conversion ratio by offering powerful incentives for businesses to upgrade. One such incentive is the Respect Affinity Network (RAN)—a company cannot advertise on the RAN without becoming a paid premium customer.

Freemium Service for App Developers

The growth of any platform is driven by the apps available for it. To attract app developers, there is no charge to build and distribute an app that uses the Respect Network APIs for private cloud storage and communications. Better yet, the Respect Network will pay developers a share of the Respect Affinity Network

ad fees earned by an app (see the next section). Only when an app developer needs premium services from Respect Network will there be any charge (see the Premium Service section).

The Respect Affinity Network Tier

The Respect Affinity Network is the Respect Network's answer to the intrusive, surveillance-based advertising networks that dominate the Web today. Rather than spying on consumers to try to guess what they might be interested in, the Respect Affinity Network empowers consumers to own their own interest profile and let the network matching engine determine the best matches among offers from participating business members.

The Respect Affinity Network for Consumers

As soon as an individual user hits the limits of a freemium account, he/she will have the option of upgrading to higher cloud service levels (more storage, more bandwidth, more computing power) either: a) by paying for a premium subscription, or b) by joining the Respect Affinity Network at no charge.

Our goal is to make the latter choice highly compelling not only because it is free, but because it will actually provide an additional set of benefits:

- **Learn about Respect Network member companies, products, and services** that the individual deems most relevant and interesting.

- **Connect with these companies** to receive exactly the information and updates you want (while always staying in complete control of the connection).

- **Earn rewards** from these connections.

- **Do all this while maintaining control of privacy and personal data** because the Respect Affinity Network operates entirely under the Respect Trust Framework.

The Respect Affinity Network for Businesses

For a business, advertising on the Respect Affinity Network is an opportunity to replace the "spray and pray" approach of today's ad networks. It's much closer to the perfect marketing situation of "an audience of one". The Respect Affinity Network allows a brand to:

1. **Reach a willing audience with a strong signal** that should produce a much higher conversion rate than traditional digital advertising.

2. **Spend no more than they would pay** for Google AdWords or Sponsored Tweets—yet reach a more receptive and qualified audience.

3. **Open up lifetime connections with customers** that enable intimate private conversations, e.g., to ask questions, discover intentions, or solicit feedback.

4. **Assure customers of a respectful, trust-building environment** versus the race-to-the-bottom of today's Internet adtech.

5. **Completely avoid ad fraud** (currently a $6B cost to advertisers).

Note that unlike consumers, who can join the Respect Affinity Network at no charge to earn an upgrade to higher service levels, a business must begin paying to advertise on the Respect Affinity Network. There is a base fee to join the network and ad fees for placing ads just like on other digital ad networks, only at the premium rates that the Respect Affinity Network will be able to command due to our unique trust model.

The Respect Affinity Network for App Developers

For a website or mobile app developer who currently derives most of their revenue by displaying inventory from ad networks, the Respect Affinity Network represents an attractive new alternative. Instead of the ad network model where an individual is surveilled as they browse from site to site to compile an unauthorized behavioral profile, the Respect Affinity Network lets a user compiles his/her own **interest profile** in his/her own personal cloud.

This interest profile is initially populated by a quick survey taken when the user opts into the Respect Affinity Network and refined by normal usage of Respect Network apps. This interest profile is then shared anonymously with the Respect Affinity Network matching engine to determine the most relevant ads to present within relevant contexts.

By incorporating ads delivered via this process, an app developer can now:

- **Deliver higher quality audience** that can command premium pricing and increase developer revenues.

- **Provide relevance and personalization**—ads can be matched to a consumer's actual interests/intentions vs. inferred interests/intentions

- **Eliminate the "creepiness" factor**—finally, a comprehensive solution to the deep privacy issues with surveillance-based ad networks and data brokers.

- **Give direct lifetime control to the individual**—users can easily and dynamically adjust their interest profiles in one place instead of hundreds of shadow profiles they don't even know exist let alone have access to.

The Premium Service Tier

For all customers the Respect Business Framework also offers a premium level of service under a standard paid monthly or annual subscription model.

Premium Service for Consumers

For individuals who need higher levels of cloud service (storage, bandwidth, compute power), there are two reasons to upgrade to the premium service level:

1. They need higher service levels than they are able to earn via Respect Affinity Network membership.

2. They do not want to see any Respect Affinity Network ads or give access to profile data.

In either case, the Respect Network will offer monthly or annual subscription fees that should be the most cost-effective option on the market for cloud services due to the volume purchasing power of the network (see the **Cost Model** section).

Premium Service for Businesses

The business premium upgrade model for the Respect Network is highly analogous to that for **Slack**. As soon as a business needs greater capacity or premium features (advanced administration controls, advanced search, higher messaging or data security levels, etc.), it can seamlessly upgrade to a paid SaaS subscription. Pricing will be on a per-seat basis like Slack and many other SaaS services.

Premium Service for App Developers

Although app developers are primarily partners in the Respect Network value chain, they too may need premium services from Respect Network Corporation in order to deliver on their value proposition. These services may include:

1. **Billing services.** Since Respect Network Corporation has a direct relationship with every Respect Network customer, we can bill for apps (purchase or subscription) as well as for in-app purchases.

2. **API hosting services.** To facilitate app development and integration, Respect Network will host app-specific APIs on behalf of app developers for a monthly hosting fee.

3. **App development services.** Respect Network Corporation will also offer professional services to developers who want assistance in developing XDI- and Respect Network-enabled apps.

The Cost Model: Public Cloud Providers

The Respect Network is a platform built on top of public cloud providers such as Amazon Web Services, Google Cloud, Microsoft Azure, Rackspace, etc. Respect Network Corporation's primary cost-of-goods are the resource fees we will pay to these cloud providers for:

1. **Storage** for member cloud data and XDI graphs.

2. **Transport** for delivery of messages, files, and data between member clouds.

3. **Computing power** for apps and management of member clouds and the operation of Respect Network platform itself.

Since Respect Network Corporation will be purchasing these cloud services in bulk for all consumer and business private clouds on the network, we will negotiate across multiple public cloud providers to minimize costs and optimize performance.

As soon as the Respect Network platform reaches significant scale, it will begin to resemble today's **content delivery networks**, which optimize content and processing power towards the endpoints where traffic patterns anticipate their use.

Finally, as the network matures and components of member clouds can be truly distributed across any number of public cloud providers based on cost and performance, Respect Network will begin dynamically provisioning cloud computing capabilities using a commodities exchange model based on XDI resource graphs. This exchange will be built and operated to support instant purchase and derivatives/futures trading of these computational commodities.

Conclusion

The Respect Network business model aligns the incentives of all network members to protect privacy and preserve trust. At the same time, it offers the ability for all network participants to derive value equally from their participation in the network.

- Every consumer is free to make the choice to receive ads and offers for products she needs from brands she trusts.

- Every business can know its customers, no matter where they are, in the same intimate way small town shopkeepers have in the past.

- Every application developer can attract users and make money by using a powerful web-of-trust platform.

The Respect Network business model leverages the unique web-of-trust capabilities of private one-on-one connections and relevant conversations in ways that will disrupt the way Internet commerce works today.