

Missionize White Paper

By Gerrit Roska, 2024 - Tokenized Equity Crowdfunding Model for BAM businesses

Disclaimer: a minority of content below, might potential be outdated due to the recent changes, research and development of the business

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Demand shifters and market, technological, and competitive conditions:

Introduction

Demand shifters are signals for which the market is heading. Positive (and negative) demand signals are vital for current and new companies to be aware of as they are signals for when to enter a market or make a shift in company strategy. For my venture project, I am currently in the research phase, of looking at what the demand shifters are signaling, where the gaps are in the market, and what problems are currently to be fixed. In essence seeking to answer the question from the book *Zero to One A Guide to Building Startups*, by Peter Thiel (a serial entrepreneur, “What valuable company is nobody building?” (Thiel, p. 23, 2014). Through the lens of these multiple factors that contribute to creating my venture project, I am seeking to mold it according to those factors into a more concrete yet flexible venture.

The Market Conditions

“To start and expand a venture, an entrepreneur needs to identify good opportunities for domestic and/or international expansion” (Sahhar p. 159, 2021). Discovering great opportunities is vital for success, without it many great ideas, make bad companies. For my venture project, based on research of the opportunities, the demand shifters indicate that there is an accelerating demand for my venture project. In an International survey of business as mission (BAM) practitioners, Rundle and Lee noted: “Business as mission” (BAM) was introduced to the Christian missions community during the 2004 Lausanne conference in Pattaya, Thailand. Since then, interest in BAM has grown exponentially, and with it, demand for support services, training, and financing” (Rundle and Lee, p. 420, 2022). Not only is it a given that BAM has

accelerating demand as a newer missional model of discipleship in unreached countries, but with it financing is in accelerating demand as BAM businesses are created. In this survey of 119 self-defined BAM practitioners, an average of 38% of the practitioners made significant personal investments, with much of the rest being mainly received from grants or donors (Rundle and Lee, p. 434, 2022). Financing is always key to creating a startup, and demand when it comes to a growing market for BAM, as the startup capital is either mainly personal, donations, or grants. In an empirical study of whether donor support helped BAM practitioners, found that “compared with fully donor-supported BAM practitioners, those who are fully supported by their business report significantly better results in the economic and social arenas” (Rundle, p. 25, 2014). Correlation does not always mean causation, but it is a possible link that for the BAM that is majority donor or grant financed they could be harmed by that, and for those majority funding the BAM through personal investment, there is higher risk. Thus the impact of these findings on my venture produces four questions: what is a better means of financing? How could my venture be valuable to BAMers? Are these large enough gaps and problems to be solved? Is this a potential venture, that nobody is building? These are all questions that impact my venture project, which I will address later on.

The Technological Conditions

Technology is always impacting and changing how business is conducted. One technology that is revolutionizing the way business is conducted and will affect every business sector is blockchain technology. A subset of blockchain technology is tokenization, which is the act of issuing a digital representation of an asset onto the blockchain. Many companies are starting to utilize tokenization and “Industry experts have forecast up to \$5 trillion in tokenized

digital-securities trade volume by 2030” (McKinsey, 2023). How does this affect how business is conducted? For one, many common physical assets will be digitalized. This would mean ease of liquidity for both producers (companies) and consumers, due to fractionalization (fractions of assets). This would also allow for more capital to be raised. It will also create more ease of access to assets, greater ownership security, and better market efficiency along with many other benefits. How do these technological conditions affect my assumptions? I assumed a venture capital model was the best way to implement my venture project to finance or own BAM businesses. I had also assumed that a company could entirely be put on the blockchain. These assumptions with the introduction of tokenization are proven invalid.

The Competitive Conditions

Because both BAM and tokenization are new concepts, fortunately there is not as much competition as other industries, but it still exists. One that I mentioned before is Alpha Kingdom Capital, a BAM Venture Capital Firm. Unlike many BAM-sending agencies, they are a U.S.-based for-profit company, that funds early-stage Christian companies in Israel and Africa, but also elsewhere through their Technology Innovation Disruption Fund. Another is IBEC Ventures, that is a non-profit that comes alongside BAM businesses to consult, build, and grow them. They serve clients in countries spanning over four continents. There are many other BAM companies, but all of them are non-profit, and IBEC ventures stand to be the most competitive. On the other side of BAM companies that invest in BAM businesses, the secondary aspect of the venture project which will compete with companies is the tokenized equity crowdfunding platform. One of the leading equity crowdfunding companies is Republic, with over \$2.6 billion

in capital raised, and they also take advantage of blockchain technology, and tokenization by offering trading of tokenized assets (Republic).

The Combination of Factors

All the conditions, demands, and factors based on research findings mold how my venture project will be executed and come to be. In the same way, innovation creates new and changes things, innovation occurs in the research phase. Therefore, what will I do differently? What are the answers to the previous questions I started with? Starting with the source of financing, instead of using a traditional model of venture capital, a better means of financing these BAM businesses would be equity crowdfunding, specifically tokenized equity crowdfunding. Equity crowdfunding as a model is very successful, allowing startups previously unable to raise capital to be able to. The question is whether it would work for BAM businesses, as that is not the mainstream approach, let alone if it is used at all. In a study by Kaufmann, and Shukla from the Mannheim University of Applied Management Studies, they analyzed the effectiveness of the crowdfunding model for social entrepreneurship (a term applicable for BAM). They state that “In the Era of rising social entrepreneurs, the obstacle that arises is the funding for the social mission, its business needs, and financial sustainability” (Kaufmann, and Shukla, p. 56, 2023). In conclusion of the study, they found that “crowdfunding is an efficient alternative to financing” from social entrepreneurship (Kaufmann, and Shukla, p. 69, 2023). Thus using the concept of an equity crowdfunding platform for BAM is a potentially plausible path of strategy. The second aspect of the venture is the tokenization of equity, this would allow for greater liquidity, the potential for more capital to be raised, less restrictions to raise investments at a lower barrier of entry. It would increase transparency, automation, and investor confidence. I believe this could

potentially be a valuable company that is not being built, because although equity crowdfunding platforms exist, the tokenization aspect of the companies is not built out, and not target the market of BAM businesses, and their specific needs, and differences having to fulfill, not only an economic but also social and missional bottom line (known as the triple bottom line).

Biblical Integration

The very essence of the BAM model is to fulfill the commission Jesus gives the disciples in Matthew 28 to “Go therefore and make disciples of all nations, baptizing them in^a the name of the Father and of the Son and of the Holy Spirit, teaching them to observe all that I have commanded you” (Matt. 28:19-20, ESV). The BAM model is a missional model to reach unreached people with the gospel. How will this be made evident to the customer of my venture project? It will be clear through the mission, vision, and values of my venture project, that the purpose is to fund and enable BAM business to meet their triple bottom line: make profit and jobs, build the community, and create disciples of Jesus. The last is most important. The customers become a part of the mission by investing in the BAM businesses, and having equity in them, and by doing so they help achieve the mission; to save souls.

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Distribution and Marketing Strategies

Introduction

Without a distribution strategy, a company is practically futile as it has no means to connect its product or service to its ultimate customer. Hence the importance of using a distribution network, and channels, and building distribution partnerships are all key to increasing the success of the venture. Within having a distribution strategy, creating a set criteria for choosing the relationship with which the venture will have with the distribution channel is key. For my venture, I plan to not only take advantage of traditional common distribution methods but also use distribution channels that would be unique to my venture and allow it to play towards its strengths via partnerships.

Distribution network

Traditionally when the idea of a distribution network is discussed, terms like supply chain, physical transportation, warehouse, logistics, physical products, etc. are brought up to describe the process of getting the company's product from the producer to the end customer. But thanks to digitalization and the Internet, “the width of the distribution channel on the Internet is unlimited – the Internet has no place or time limitations” (Skurpel, p. 97, 2022) “And the delivery of any product takes place either directly via a link where the files can be retrieved from in the case of electronic products) or via suppliers” (Skurpel, p. 97, 2022). Now with digitalization, many companies’ distribution operates almost entirely digital. Such is the case for my venture project, as it is not only digital, but a secondary aspect is that it is a service, so no products are distributed. The key to the category of services online, is that distribution is mainly focused on access (Dent, p. 5–15, 2011). A major issue with my venture project was how

extremely difficult it was to find information on marketing means for my project. One because it has never been done before. Second is because the type of venture does not require major advertising as traditional companies. Thirdly current similar companies only use basic distribution, or not at all, as they simply are a “middle man”, where the startup project does marketing for them.

Thus the question then produced is, “What are successful direct distribution channels for my venture?”. This question will be answered by a combination of concepts, the basic mechanics of distribution, my desired structure of the distribution of my venture, and the successful distribution strategies of prominent companies in similar industries. The first both basic and direct means of distribution will be the crowdfunding website, as this will be the foundational platform on which the ultimate customers will, see the product, purchase the digitalized products, buy and sell equity tokens, and tokenize assets/equity (practically everything the venture will offer, will occur on the platform). The second basic and direct means of distribution would be advertising campaigns, social media promotion, along email campaigns to existing customers. Like all the successful crowdfunding platforms, I would also capitalize on social media promotion and SEO to attract global attention. As for other methods, that also align with my desired structure (but crowdfunding platforms use similar ideas), I would seek to create partnerships with BAM (Business as mission) sending organizations. This would be a very beneficial relationship as they could advocate for my platform, but at the same time, I could fill a void for the BAM businesses they assist, as a tool that many BAM organizations lack is sufficient and effective funding means. Another possibility would be to partner with Christian universities, to tap into their network of both Christian investors desiring to make an impact, but also young Christian entrepreneurs seeking to raise funds for their BAM business.

Distribution Relationships & Criteria

Building happy and healthy relationships with distribution partners for the venture is vital as it is a major viable that can affect the level of success of the company. Thus, the aim for the company would be to create partnerships with the distribution channels and network, so it could be classified as a “value-adding partnership”. A value-adding partnership is "a set of independent companies that work closely together to manage the flow of goods and services along the entire value-added chain” (Johnston & Lawrence, 1988). The partnership intends to have a mutually beneficial focus. This leads perfectly to the criteria for how I would choose the distribution partners. They would need to have a value-adding, relationship focus, and mutually beneficial mentality brought to the partnership, not simply transactional. Granted, when working with massive tech companies, for distribution on social media, partnership is not as likely to look like this (that simply is inevitable). But for all the other potential distribution partners I believe it is entirely possible. In an analysis of channel partnerships between suppliers and retailers (that can very much apply to my venture), Buzzell and Gwen highlighted requirements for successful partnerships. Some of which I have adapted to use as my selection criteria for potential partnerships with distribution channels. The first is that technological skills and resources are necessary (Buzzell & Gwen, 1995). This first criterion is rather basic, especially since my venture is a financial tech company, yet for partners to properly work with the venture it is important. The second is that top management must be fully committed. With creating a partnership change will occur, therefore having the full support of top management is key to having successful integration (Buzzell & Gwen, 1995).

Marketing Tools and Combination of Factors

There are a vast majority of marketing tools that I could take advantage of as a means of distribution for my venture, the issue I currently face is not being able to test which would be most suitable for my venture yet. Thus, I can make assumptions, based on a comparison of the marketing tools of other popular crowdfunding platforms. Kickstarter for example, utilizes common marketing tools just such as promotion and advertisement on Facebook, Instagram, and TikTok. These are popular methods; I could mainly implement into my distribution strategy for my venture. Once again, figuring out the correct marketing tools is a matter of testing, thus right now in the incubation process, there are no current changes of direction I would take regarding the distribution of the service my venture offers.

Biblical Integration

Regarding biblical integration with marketing and distribution channels, there will be a few focuses. The first is that in social media marketing, the venture will seek Christian excellence in all of it, with a Christian focus. The helpful aspect of the platform is that all the projects will be ready by vetted to see if they meet the Christian investing standards, so any project promoted on social media will already be of Christian morals. As for other distribution channels, the partners the venture will work with will be Christian values and vision, that aligns with the venture's own values and vision. A key verse that comes to mind when addressing the importance of Christian relationships with distribution partners is 1 Corinthians 15:33, which states "Do not be misled: "Bad company corrupts good character"" (1 Cor. 15:33, ESV). If the partnerships the venture will have do not align with the values of the company, not only will the promotion of the venture through the partnership make the venture bad, but they could cause the venture itself through such a close relationship to be corrupted.

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Personnel, compensation, and financials:

Personnel For Operation

The first personnel who will operate the venture (as obvious as it might be) is myself. I am the one founding the venture, therefore in the beginning, operating and working in almost all aspects of the venture. Due to the nature of the venture, that it is a software service financing platform, few personnel will be necessary (compared to other companies) to operate and grow the venture within the first couple of years, depending on the growth of the venture. Despite, this benefit there are a few yet vital personnel needed for the venture to become fully operational. The first is a tokenization attorney. The reason being, is that blockchain technology in finance is so new, the law has not been fully developed to meet the speed at which the technology is advancing. Wang (2023), writes that “the regulatory landscape surrounding digital tokens and the securities laws remains complex and evolving. As the SEC and its officials have offered insights, the lack of binding rules and the complexity of existing guidance have left many unanswered questions” (p. 65). For this reason, a tokenization lawyer will play a major role, as the venture is greatly dealing with means of financing private companies, securities, and the SEC. The second key player would be a blockchain and smart contract developer. This is an automatic thought when building a tokenized equity crowdfunding platform. Of course, as the venture grows, there will be needed personnel such as a risk management specialist, financial analyst, marketing and communications manager, legal team, customer support team, data security specialist, community manager, and many more. But for the sake of a short-term launch, the necessary people needed to get the venture operational have generally been addressed.

Compensation

Great Compensation is a part to keeping great people, on a great team. But, with many a great startup, the founding team, did not get compensation, as they were a part of the team for more than the money, also lack of cash flow would be a potential issue unless I plan to raise capital, which likely is an option. Therefore, I would take this approach (for the initial launch) : Contract a tokenization lawyer (or I could offer them equity). The compensation would simply be the normal rate of contracting a lawyer. For the blockchain and smart contract developer, I would ideally co-found the venture with them, or offer ownership in the company. The reason for this is that they will be doing a major part of the work to get the platform launched. Therefore, compensation for the developer would ideally be in equity, or for free since they cofound the company and have ownership. But realistically having to bring them on full time is a possibility. Therefore, the average compensation for the developer would be \$125,000 (Lawton, 2023). For myself, I would be willing to work for free as long as it takes to make the company profitable.

Pro Forma Income Statement

The 3-year projection of the Income of the venture is based on low to average numbers, of estimated industry standard numbers which I then adjusted to the application of my venture.

Figure 1: Pro Forma Income Statement

Pro forma P&L Statement			
New Venture			
Revenue	Year 1	Year 2	Year 3
Sales	\$0	175,000	400,000
COGS (15%)	0	26,250	60,000
Gross profit	0	148,750	340,000
Operating expenses			
Legal Expense	26,000	25,000	25,000
Technology Cost	2,000	1,750	1,750
Compensation Expense (developer)	125,000	140,000	155,000
Advertising Expense	0	12,000	27,360
Other	1,000	1,000	1,000
total expenses	154,000	179,750	210,110
Earnings before tax	-154,000	-31,000	129,890
Taxes (21%)	0	0	27,277
Net Income (earnings after tax)	(\$154,000)	(\$31,000)	\$102,613

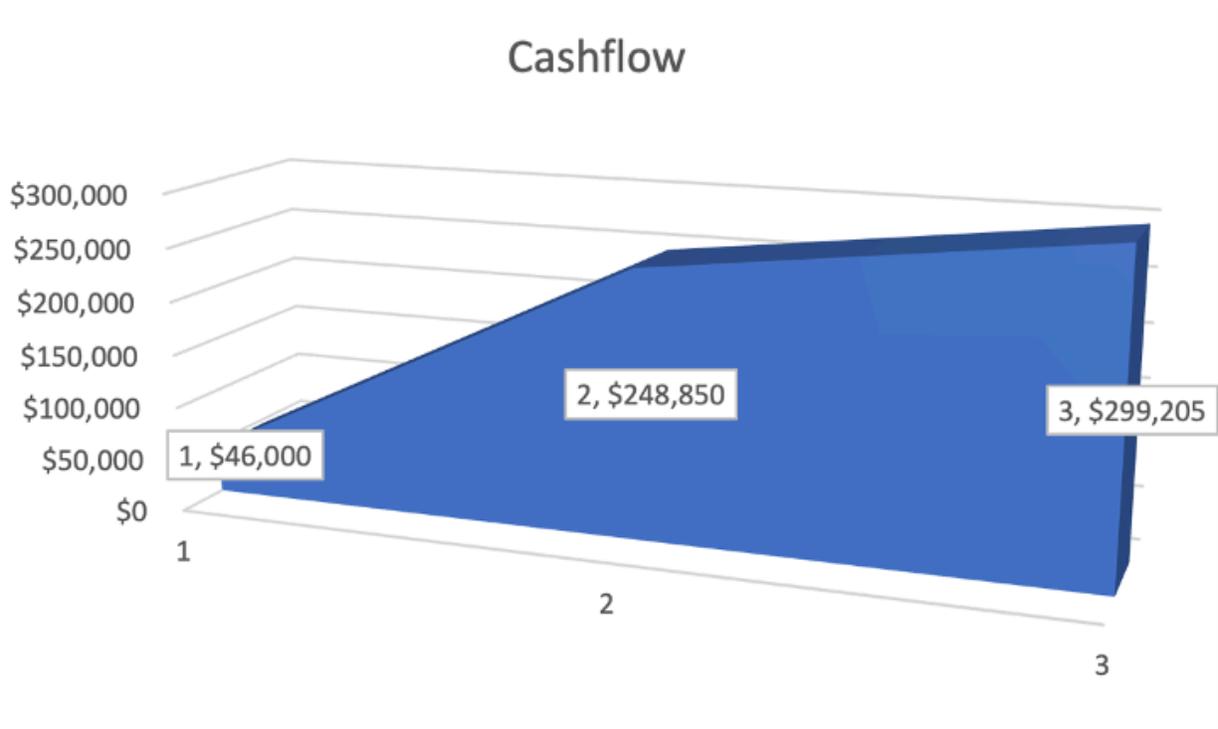
Projection of Capital

The projected amount of needed capital is mostly dependent upon the amount of initial start-up cost of the venture. **Based on figure 1, In the worst-case scenario \$200,000** would be necessary for start-up capital. **But the ideal situation would be only \$32,500, with a equity deal for the developer to co-found.** The majority of this capital would be sourced from private and angel investors. After the platform is launched end of year one, a second round of funding would be conducted on the platform, to self-fund the venture through equity crowdfunding of investors. The projected amount of capital to be raised would be \$300,000. This is taking after the model of the very successful equity crowdfunding platform, Start engine who funded itself through the crowd on their platform, raising over \$35 million in only two rounds of funding. In the words of the CEO Howard Marks, “we eat our own dog food” (StartEngine, 2023). It would not only fund the venture but also act as a proof of concept for other projects.

Trend of Cashflow

This 3 year trend figure of cashflow represents projected cashflow if raised capital, and cashflow reinvested each year is included.

Figure 2: Projection of Cashflow



Combination of Factors

With the many different new factors that have been discovered, there are multiple things I would do differently. The first is seeking a full-time developer whom I could co-found the company with to expedite the growth of the company but also save on expenses, as then we both would be working in compensation of equity. Another approach I would take is getting this venture near operational by the time of the CEO summit hosted at Liberty University, to pitch to Christian CEO there, as a couple of my friends have done the same, and out of that had contracts and investors with the companies they started. From a cashflow perspective, I also would create multiple streams of income within the platform, rather than simply a percent fee from each

successful funding project. This would greatly raise the bottom line, but also attract more customers, and investors, because now a greater market is being met. This could include, a clothing brand, built-in trading platform, and product marketplace for the projects.

Biblical Integration

The majority of the bible integration that is incorporated into my venture has had an external focus. Still, an internal focus, of reaching the individual within the company is just as important. Why? Because how the internal individuals of the company act, reflects outward toward the external individuals (customers) of what the venture represents. Therefore, a major theme, that not only applies to the individuals who work in the company and reflect to external customers but also financing a company to make sure it can grow and be profitable, is trust in God. Proverbs 3:5-6 states, “Trust in the Lord with all your heart, and do not lean on your own understanding. In all your ways acknowledge him, and he will make straight your paths” (Proverbs 3:5-6, ESV) It is a complete commitment to trust IAM (God) with all one’s actions, an exclusive commitment to I AM, and not one’s knowledge as a broken crutch (Waltke, et al., 2021) With complete dependence upon God, not relying on ones own ability or knowledge, being modeled as a founding team, the customers and investors will notice the difference. By he actions of the founding team, it will show they trust in God’s plan, not man’s, for the Lord is a straight path.

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Tactical Plan:

Nature Of The Business

To best understand the nature of a tokenized equity crowdfunding platform for BAM (Business As Missions) businesses, an explanation through the lens of a problem, solution, and benefit lens will provide the most clarity to the nature of the business. The problem begins with the fact that the majority of BAM businesses are funded by donations, grants, or government funds, The minority rest are self-funded (Rundle, 2014). For context BAM (business as missions) model is, is a viable profitable business that seamlessly integrates international missions, of spreading the gospel. It is a business that has a kingdom purpose, of doing business for profit, the gospel, and the common good (known as the triple bottom line) in specifically in unreached regions. In a study of financing methods use to fund BAM businesses it was found that donor-based financing hinders the growth and profit of BAM businesses (Rundle, and Lee, 2022). This leads to the lack of proper and better means of funding for BAM businesses.. On top of this, there is a lack of

monetized donations for investors to fund BAM businesses to spread the gospel and make a return on investment at the same time (There is simply not an existing platform, without massive capital needed to fund them in this way). This finally leads to the climax of the problem of a gap between average investors to support private BAM businesses.

Thus the solution based on research is a Tokenized Equity Crowdfunding platform. The platform allows investors to purchase digital tokens representing ownership in BAM businesses, facilitating crowdfunding campaigns efficiently and transparently. BAM businesses integrate profit with purpose, making a social impact and spreading the gospel in unreached international regions. The service enables investors to support these BAM businesses to spread the gospel while earning financial returns (monetized donations). Finally, as for the benefits, In a study by Kaufmann and Shukla (2023) of different financing models for social entrepreneurship ventures (which BAM business fall under), it was found that Equity crowdfunding was the highest efficient model for these types of ventures. Along with this, tokenization and the use of blockchain technology is becoming a massive part of financing of simply making it better, and thus the integration of that is vital for being up to speed with the future of technology. What the platform would do is democratize investments giving people the accessibility to invest in these BAM businesses so as to have ownership (and ROI), as well as spreading the gospel. The business model of monetized donations will simply and roughly be conducted as follows. BAM Business offer Equity in exchange for funding on the platform, then investors will buy the Equity tokens (ownership) of BAM businesses. Then the BAM businesses use the funding to increase profit, make a community impact, and spread the gospel. And finally, the percent of profits (based on ownership share) from the BAM businesses will be given to investors, to keep or reinvest back into the BAM business, or others.

Mission Statement

The mission statement I have created is as follows: helping you, help others through monetized donations to make the world forever better. To understand it better and how it determines the scope and vision of the operation, I will explain it in further detail. The “helping you, help others”, is a platform that allows any accessibility to invest in BAM businesses that provide jobs, make a community impact, and most importantly spread the gospel. The monetized donations model was already explained in the structure of the business. Finally, the idea of making the world forever better is through creating community impact, and people being saved through the BAM businesses by which people invest in, their lives are forever eternally changed, forever better. The very essence of the BAM model which is to fulfill the commission Jesus gives the disciples in Matthew 28 to “Go therefore and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, teaching them to observe all that I have commanded you” (Matt. 28:19-20, ESV).

Industry and Competitors

The industry the new business would be in is financial technology, specifically crowdfunding and decentralized finance (with it being tokenized). Financial technology is the integration of technology in with financial services are offered to improve outcomes. The key competitors to the business idea are two equity crowdfunding platforms, Republic, and StartEngine. Regarding average profitability in the industry, the net income of StartEngine in the first half of 2021, was \$2.09 million, and continuing to grow (StartEngine, 2021). They take a percent of the capital raised by projects (5-12%), as a fee service, and that is a main source of revenue (Naysmith, 2022). As for Republic, they work slightly differently, for retail deals, 6% of total funds in cash, and 2% as a security, but other offerings might incur different fees (Farrington, 2023). As for

estimated profitability, “At this point, the company has helped more than 250 companies raise over \$200,000,000” and if 8% goes back to Republic, then Republic from only fees from raising capital, has earned around \$16,000,000 (Farrington, 2023).

Business Site

The proposed business location would be entirely mobile. Despite most companies, it has become an increasing trend of entirely remote companies that operate very well. On top of this being a software service company a physical site is not an immediate need. Therefore, the estimated cost of establishing operations would be rather inexpensive as they are all online. It would simply be a few hundred dollars a year for a software stack to communicate and manage the team and workflow. These could include major software such as Slack, Zoom, Monday.com, AirTable, and a few other smaller ones.

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In Progress Research Study:

Topic and Research Question

Topic: Tokenization through Blockchain technology in BAM (business as missions) businesses.

Hypothesis: Tokenizing BAM (business as missions) businesses through blockchain technology, could spread the gospel more in the 10/40 window, by raising more capital for BAM businesses.

Research Question: Would tokenizing BAM (business as missions) businesses through raising capital more, spread the gospel more?

Disciplines Incorporated: Missiology (Mission studies), Entrepreneurship, Information Technology (Blockchain Technology)

Justification: Tokenization, as a subcategory of blockchain technology, is already being used by companies to digitize assets of the company, and studying information technology will assist in understanding the application of tokenization in BAM. BAM is a newer successful mission model as a means to evangelize in unreached countries (10/40 window). Entrepreneurship is a key aspect of not only starting a BAM, or equity funding, but also tokenizing them. A key factor with the topic I am researching is not only has it never been done before (I have found nothing related to the topic), but also both tokenization and BAM are newer subject fields.

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Literature Review

The majority of the experts mention that crowdfunding in finance has become a newer dominant way to fund startups and small and medium-sized enterprises. The matter of difference is the application of blockchain technology, specifically tokenization to financing startups, and small and medium-sized startups. **The gap in the research is that tokenized equity crowdfunding platforms for BAM businesses have never been investigated or researched before to the best of my understanding, (and research).**

In my analysis of the research and sources I found, that despite some correlation in certain sources, most of the research is different, due to not only the newness of the fields themselves but also the never-before analyzed research question. Therefore, for the sake of understanding the analysis, I will summarize and explain the concept of the article, if necessary, and then synthesize each one by showing its relevance and correlation to the research question.

The literature on utilizing blockchain technology (specifically tokenization) in combination with crowdfunding is new, but rapidly growing. For some simple background on the topic, blockchain technology is a database system by which information can be transparently shared with a network. A subcategory of blockchain is tokenization. Tokenization is the process of taking a tangible piece of data (such as an asset) and issuing a digital representation of that value on the blockchain, which then would be called a token. Crowdfunding is the concept of non-banking

financing for a project through means of a “crowd” of investors. As for how these concepts relate to BAM businesses, and what BAM businesses are that will be discussed later. Asanovic (2022), the Chief of the Division for Banking System Analysis at the Central Bank of Montenegro, in a review of crowdfunding and ICOs (initial coin offering, a means of raising capital on the blockchain), argues that ICOs are one of the most efficient financings. Asanovic examines how it will play a role in causing significant economic growth and concludes that crowdfunding is a viable way of funding. But like any new funding model, it does have issues that entrepreneurs must consider, lawmakers, investors, etc. Regarding creating a platform that combines the aspects of crowdfunding alongside ICOs, the major issue is the SEC regulation that either needs to be created or current regulations that must be changed, so such innovation to be created and also thrive. Monchau (2022), the CIO at Syz Group, on the other hand, argues that ICOs are although very useful and popular, STOs (security token offerings) are becoming a fast-growing new means to raise capital through being backed by tangible things, such as assets or equity. Stating that “tokenized securities are bridging the gap between traditional (financial and real) assets and crypto markets because they are aligned with everyone's interest.” Security tokens would be the main focus of the platform as equity crowdfunding consists of trading equity for capital. Other experts in the field, take a similar few, but with more optimism.

Gan, Tsoukalas, and Netessine (2021) state that “Initial coin offerings (ICOs) are an emerging form of fundraising for blockchain-based start-ups in which digital coins, also known as “tokens,” are issued to investors in exchange for funds to help finance business.” They continue to discuss that the benefit of such ICOs is that “the tokens can be “offered as shares of the company’s future profit (equity tokens)”. The difference from Asanovic’s conclusions is that they state “the advantage of equity tokens stems from their inherent ability to better align incentives

and thus continues to hold even absent regulation” (Gan & Tsoukalas, Et al., 2021). In combination of both reviews, the rapid popularity and growth of blockchain will cause laws and regulations to adapt to foster economic growth, despite the current lack of proper legal infrastructure.

In further analysis of the combination of blockchain technology and crowdfunding, Jayapal (2023), a professor at kumaraguru college of Technology, conducted a study to examine how blockchain technology could be deployed in the realm of crowdfunding. Jayapal states that “the use of blockchain technology in crowdfunding platforms can increase the confidentiality of contributors since all transactions are recorded on the blockchain, making them transparent.” The study found that “Blockchain technology has the potential to offer a low-cost and efficient solution for equity registration, transfer, and transactions in the crowdfunding industry” (Jayapal, Xavier, & Arunachalam, 2023). The major benefit of combining crowdfunding with blockchain technology is that each holds such, new potentials that when brought together, would massively increase the potential for financing, due to increased transparency, security, convenience, and ease of access.

Within the concept of combining crowdfunding and blockchain technology, the specific application of the research question is known as tokenized equity crowdfunding. Pirgmann (2023) notes that it is simply that the equity of a company can be bought by the “crowd” that is on the blockchain, through the representation of equity tokens (security tokens). An example of this possibility is examined by Stocker (2023) in studying whether blockchain technology could be used by private companies in Switzerland and the United Kingdom to trade equity. This could be possible, the issue as other experts have mentioned is the regulations surrounding share transfer on the blockchain, let alone building a platform for an infostructure to do so. On the

secondary side of the literature review, social entrepreneurship has been a growing trend, specifically BAM businesses regarding the research question to impact the community. Stecker (2014) notes that the integration of the non-profit and profit sectors through means of social enterprises has increasingly become popular as government intervention has lacked success, and people have desired more to have a “sense of meaning” in their careers. A great medium to do so is BAM businesses, but a major issue that they face is better and newer means to be financed. Kaufmann (2023), notes that “**Social entrepreneurship** provides sufficient and self-sustainable solutions for **social** purposes beyond personal wealth pursuit.” In the era of rising **social** entrepreneurs, the obstacle that arises is the funding for the **social** mission, its business needs, and financial sustainability. **Crowdfunding** plays a crucial role in this.” Kaufmann concludes with the results of the study that crowdfunding is an efficient alternative to financing. The study also concludes that monetary funding models (equity or lending) are more advantageous than non-monetary models (donation or rewards), as they incentivize growth and responsibility from the founders, but also involvement from the funders (Kaufmann & Shukla, 2023).

What this means is that equity crowdfunding is one of highest preferred and efficient methods to other forms of financing, in the realm of crowdfunding. Why is a different method needed for BAM businesses? Rundle (2014) found in an empirical assessment, that donor support hindered BAM practitioners. The reason is that the BAM practitioners become dependent upon donations to sustain the business and are not as an incentive to finance and grow the business. The greater issue is that Rundle and Lee (2022) in an international survey found that the majority of BAM businesses are either mainly donor, grant or government-funded. Therefore, BAM businesses first already needed newer and better means of financing (such as tokenized equity

crowdfunding), but also it will fix the dependency problem that is causing them to suffer, by adopting a pure for-profit social enterprise vehicle for raising capital.

Blockchain technology (tokenization), crowdfunding, and BAM business are all so new areas of study, yet rapidly growing. With their continued advancement much research will continue to be conducted. To build a tokenized equity crowdfunding platform to fund BAM businesses much more research is needed. As well as to see if it is possible. Further research would be necessary to do to discover if BAM businesses can be financed in this way without being publicized, or shut down. Another area needed for improvement through means of further research is if STOs are the best method to fund BAM businesses.

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Methodology

In my research, the focus sample groups that will be analyzed to collect data will be modeled off a similar study examining ICOs to raise capital. They will consist of the firm (token issuer/BAM businesses), speculators (token traders), and the customers (potential buyers of the product/investors) based on a game-theoretic approach (Gan & Tsoukalas et. Al., 2021). The independent variable is the use of a tokenized equity crowdfunding platform to finance BAM businesses. It would consist of comparing the effectiveness of this model against traditional means of financing methods, of being able to create investment in BAM businesses which would result in spreading the gospel. The data will be collected through a mixed method approach, first mainly relying on qualitative research of secondary data sources. As for the quantitative primary data, it will be collected through means of a survey of at least 50 potential investors facilitated by QR codes, at a business competition event (Create Fest) I am competing in for funding. Through the survey, many data points will be collected, mainly the measure of the viability of the idea. The collected data will then be analyzed through both qualitative and quantitative methods. The qualitative analysis will include examining the results of the survey to find patterns of perception regarding the use of tokenized equity crowdfunding for BAM businesses. The quantitative analysis will consist of comparing and contrasting the secondary data sources to discover trends and correlations, between tokenized equity crowdfunding and the spread of the gospel through funding BAM businesses. A significant result will be a clear link of evidence that utilizing a tokenized equity crowdfunding platform to finance BAM businesses better will result in a substantial (above 5%) increase in individuals hearing the gospel.

Biblical Integration

Introduction

The necessity for research to be conducted is of great importance in examining if Tokenizing BAM (business as missions) businesses through blockchain technology, could spread the gospel more in the 10/40 window, by raising more capital for BAM businesses. The first major reason for the importance of researching this topic is that this gap has not only never been explored before (I have found nothing related to the topic), but also both tokenization and BAM are newer subject fields.

Research Gap

Due to the non-existence of research surrounding this gap, it is therefore worth considering filling it (but not simply for the sake of filling gaps). This research gap needs to be filled for many reasons. The first reason is that both the BAM (Business As Missions) model, tokenization, and crowdfunding are all newer concepts. Therefore, there is so much potential to be able to produce never-before-done research that could set a foundation for future generations of research combining the topics. The second is that BAM businesses are already faced with many financing problems, but there is a lack of research for a solution. The problem begins with the fact that the majority of BAM businesses are funded by donations, grants, or government funds, The minority rest are self-funded (Rundle, 2014). In a study of financing methods used to fund BAM businesses, it was found that donor-based financing hinders the growth and profit of BAM businesses (Rundle, and Lee, 2022). This leads to the lack of proper and better means of funding for BAM businesses. On top of this, there is a lack of monetized donations for investors to fund BAM businesses to spread the gospel and make a return on investment at the same time (There is simply not an existing platform, without massive capital needed to fund them in this way). This finally leads to the climax of the problem of a gap between average investors to

support private BAM businesses. Therefore with all these problems a proper solution is needed that can be discovered through the means of filling this research gap.

Significance of Results

The first and greatest point of significance for the potential results of this research study is if the possibility of using better financing BAM businesses can spread the gospel more, that stands to be a massive incentive for conducting research. More specifically based on the methodology of how the study is conducted, a significant result will be a clear link of evidence that utilizing a tokenized equity crowdfunding platform to finance BAM businesses better. It will result in a substantial (above 5%) increase in individuals hearing the gospel. If there is proven a 5% increase in spreading the gospel via BAM businesses of financing them better, that could mean the difference of tens of thousands more hearing the gospel. The second point of significance for the potential results of this research is discovering a new means to finance BAM businesses, that could also be applied to Christian businesses, if the research question is proven true, as it has already been shown in a study by Kaufmann and Shukla (2023) of different financing models for social entrepreneurship ventures (which BAM business fall under), that equity crowdfunding was the highest efficient model for these types of ventures.

Interdisciplinary Approach to Research

The first way the interdisciplinary approach to the research is based on a Christian worldview is that it will incorporate the use of missiology, to understand the mission side of BAM, and spread the gospel. The way the research is informed is that the whole reason for conducting this study is to find new means to better spread the gospel, seeking to obey the great commission in Matthew 28 that Jesus gives His disciples. Finally, the research will be conducted

with a holistic biblical approach of discerning the biblical ethical ways to finance BAM businesses and do business above reproach.

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Research proposal:

**Analyzing Tokenized Equity Crowdfunding For Business as Missions (BAM) to Spread the
Gospel.**

Gerrit Roska

School of Interdisciplinary, Liberty University

INDS 491: Capstone

Professor Cho

April 10, 2024

Abstract

This proposal seeks support for research that tokenizing BAM (business as missions) businesses through blockchain technology, could spread the gospel more in the 10/40 window, by raising more capital for BAM businesses. A short overview of the existing literature shows evidence of that tokenization equity in BAM businesses could lead to increased funding for BAM business, which in turn would increase the profitability and growth of the BAM business. The major gap is that tokenized equity crowdfunding platforms for BAM businesses have never been investigated or researched, and that both the BAM (Business As Missions) model, tokenization, and crowdfunding are all newer concepts. The proposed study would fill the gap, by a mixed method approach of both qualitative and quantitative data from first and secondary data sources, through survey of investors, as well as analysis of current research. The need for this research is both

academic but practically needed. It would not only created a foundation for future reaserch to be conducted in the area of study, but more importantly prove the possibility of better financing methods for BAM businesses to be practically implemented.

Analyzing Tokenized Equity Crowdfunding For Business as Missions (BAM) to Spread the Gospel: A Research Proposal

BAM businesses (Business As Missions) are a fantastic vehicle for not only economic and social impact, but also spreading the gospel. The issue is the lack of proper and better means of financing BAM businesses, to that those could hinder the growth and profitability of them in comparison to better funding models. Along these lines, common investors do not have the accessibility to invest in these private BAM businesses. A proposed solution based on conducted research is a tokenized equity crowdfunding platform to finance these BAM businesses.

Currently there is a gap in the resreach and finance world, that neither has the application been conducted in resreach, nor has it been implemented in the BAM market. Therefore, tokenizing equity of BAM (business as missions) businesses through blockchain technology, would spread

the gospel more in the 10/40 window, by raising more capital for BAM businesses, through a tokenized equity crowdfunding platform.

Literature Review

The majority of the experts mention that crowdfunding in finance has become a newer dominant way to fund startups and small and medium-sized enterprises. The matter of difference is the application of blockchain technology, specifically tokenization to financing startups, and small and medium-sized startups. The gap in the research is that tokenized equity crowdfunding platforms for BAM businesses have never been investigated or researched before to the best of my understanding, (and research).

In my analysis of the research and sources I found, that despite some correlation in certain sources, most of the research is different, due to not only the newness of the fields themselves but also the never-before analyzed research question. Therefore, for the sake of understanding the analysis, I will summarize and explain the concept of the article, if necessary, and then synthesize each one by showing its relevance and correlation to the research question.

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(2014) notes that the integration of the non-profit and profit sectors through means of social enterprises has increasingly become popular as government intervention has lacked success, and people have desired more to have a “sense of meaning” in their careers. A great medium to do so is BAM businesses, but a major issue that they face is better and newer means to be financed. Kaufmann (2023), notes that “Social entrepreneurship provides sufficient and self-sustainable solutions for social purposes beyond personal wealth pursuit.” In the era of rising social entrepreneurs, the obstacle that arises is the funding for the social mission, its business needs, and financial sustainability. Crowdfunding plays a crucial role in this.” Kaufmann concludes with the results of the study that crowdfunding is an efficient alternative to financing. The study also concludes that monetary funding models (equity or lending) are more advantageous than non-monetary models (donation or rewards), as they incentivize growth and responsibility from the founders, but also involvement from the funders (Kaufmann & Shukla, 2023).

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Blockchain technology (tokenization), crowdfunding, and BAM business are all so new areas of study, yet rapidly growing. With their continued advancement much research will continue to be conducted. To build a tokenized equity crowdfunding platform to fund BAM businesses much more research is needed. As well as to see if it is possible. Further research would be necessary to do to discover if BAM businesses can be financed in this way without being publicized, or shut down. Another area needed for improvement through means of further research is if STOs are the best method to fund BAM businesses.

Methodology

In my research, the focus sample groups that will be analyzed to collect data will be modeled off a similar study examining ICOs to raise capital. They will consist of the firm (token issuer/BAM businesses), speculators (token traders), and the customers (potential buyers of the product/investors) based on a game-theoretic approach (Gan & Tsoukalas et. Al., 2021). The independent variable is the use of a tokenized equity crowdfunding platform to finance BAM businesses. It would consist of comparing the effectiveness of this model against traditional means of financing methods, of being able to create investment in BAM businesses which would result in spreading the gospel. The data will be collected through a mixed method approach, first mainly relying on qualitative research of secondary data sources. As for the quantitative primary data, it will be collected through means of a survey of at least 50 potential investors facilitated by QR codes, at a business competition event (Create Fest) I am competing in for funding. Through the survey, many data points will be collected, mainly the measure of the viability of the idea. The collected data will then be analyzed through both qualitative and quantitative methods. The qualitative analysis will include examining the results of the survey to find patterns of perception regarding the use of tokenized equity crowdfunding for BAM businesses. The quantitative

analysis will consist of comparing and contrasting the secondary data sources to discover trends and correlations, between tokenized equity crowdfunding and the spread of the gospel through funding BAM businesses. A significant result will be a clear link of evidence that utilizing a tokenized equity crowdfunding platform to finance BAM businesses better will result in a substantial (above 5%) increase in individuals hearing the gospel.

Rationale

The necessity for research to be conducted is of great importance in examining if Tokenizing BAM (business as missions) businesses through blockchain technology, could spread the gospel more in the 10/40 window, by raising more capital for BAM businesses. The first major reason for the importance of researching this topic is that this gap has not only never been explored before (I have found nothing related to the topic), but also both tokenization and BAM are newer subject fields.

Due to the non-existence of research surrounding this gap, it is therefore worth considering filling it (but not simply for the sake of filling gaps). This research gap needs to be filled for many reasons. The first reason is that both the BAM (Business As Missions) model, tokenization, and crowdfunding are all newer concepts. Therefore, there is so much potential to be able to produce never-before-done research that could set a foundation for future generations of research combining the topics. The second is that BAM businesses are already faced with many financing problems, but there is a lack of research for a solution. The problem begins with the fact that the majority of BAM businesses are funded by donations, grants, or government funds, The minority rest are self-funded (Rundle, 2014). In a study of financing methods used to fund BAM businesses, it was found that donor-based financing hinders the growth and profit of BAM businesses (Rundle, and Lee, 2022). This leads to the lack of proper and better means of

funding for BAM businesses. On top of this, there is a lack of monetized donations for investors to fund BAM businesses to spread the gospel and make a return on investment at the same time (There is simply not an existing platform, without massive capital needed to fund them in this way). This finally leads to the climax of the problem of a gap between average investors to support private BAM businesses. Therefore with all these problems a proper solution is needed that can be discovered through the means of filling this research gap.

The first and greatest point of significance for the potential results of this research study is if the possibility of using better financing BAM businesses can spread the gospel more, that stands to be a massive incentive for conducting research. More specifically based on the methodology of how the study is conducted, a significant result will be a clear link of evidence that utilizing a tokenized equity crowdfunding platform to finance BAM businesses better. It will result in a substantial (above 5%) increase in individuals hearing the gospel. If there is proven a 5% increase in spreading the gospel via BAM businesses of financing them better, that could mean the difference of tens of thousands more hearing the gospel. The second point of significance for the potential results of this research is discovering a new means to finance BAM businesses, that could also be applied to Christian businesses, if the research question is proven true, as it has already been shown in a study by Kaufmann and Shukla (2023) of different financing models for social entrepreneurship ventures (which BAM business fall under), that equity crowdfunding was the highest efficient model for these types of ventures.

Conclusion

In conclusion, this proposal seeks to fill the current gap in academia and (through research) the market. It will seek to test the hypothesis, and prove it true, through conducted research and study, to then build a foundation for future research to be conducted in the field. The results of

the study could be used to practically implement this solution into the market to fix the financing problems BAM businesses face. Although there are limitations to the proposed research, it holds value, as no research has been conducted to examine the correlate of tokenizing BAM business to spread the gospel more, through financing them, thus it decreases the consideration for research.

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