Pre-Class Discovery Handout: Tokenization Business Models

Activity 1: Business Model Canvas Detective

Scenario: Pick ONE real-world-asset tokenisation platform you have read about in depth (for example Securitize, Polymesh, Tokeny, ADDX, or Ondo Finance). Fill in the canvas below by investigating how that platform actually wraps assets, earns fees, and interacts with custodians, regulators, and transfer agents. Focus on the mechanics of value creation, not marketing language.

Canvas Element	Your Analysis
Value Proposition *Which legacy wrapper (registry, transfer agent, custodian, broker) does this platform replace, rather than stack above?*	
Customer Segments *Who are the paying customers — issuers of tokenised assets, secondary-market investors, or both?*	
Channels *How does the platform reach issuers and investors, and what role does any partnered venue or custodian play?*	
Revenue Streams *Which side of the wrap-fee split dominates — issuer fee at wrapping, trading fee at each transfer, or a mixed model?*	
Cost Structure *Which cost lines does the platform truly absorb (compliance engine, smart contracts, identity)? Which does it rely on partners for (custody, venue, legal)?*	

Q1: Which asset class does this platform tokenise most actively, and who custodies the underlying? Does custody sit inside the platform, with a regulated partner, or with the issuer directly?

Q2: Does the platform charge the issuer at wrapping, charge investors at transfer, or both? Why does the mix matter for whether the platform can survive a slow secondary market?

Q3: If this platform disappeared tomorrow, which of the legacy wrappers it replaced would have to re-emerge — and which would simply remain in place because the platform never actually absorbed them?

Activity 2: Unbundling Map

Scenario: Conventional securities intermediation bundles several functions: issuance, registry, transfer-agent work, custody, and secondary venue. RWA tokenisation platforms attack different links of that bundle. Match each platform on the left to the primary wrapping wedge it launched with — not its full product catalogue today.

Platform		Launch Wedge Function
Securitize	____	Regulated digital transfer agent for private securities, paired with an accredited-investor secondary venue
Polymesh	____	Purpose-built layer-one chain for security tokens with identity and compliance at the base layer
Tokeny	____	Compliance-engine software (T-REX / ERC-3643) licensed to issuers as a wrapping toolchain
ADDX	____	Regulated Asia-Pacific venue for tokenised private-market products aimed at accredited investors
Ondo Finance	____	Tokenised money-market and short-duration treasury exposure for non-US investors on offshore rails

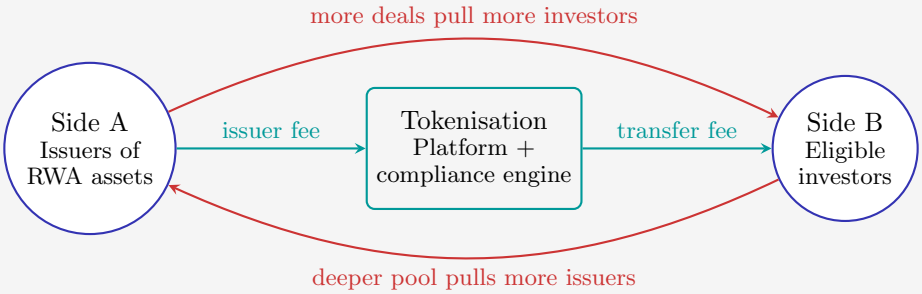
Q1: For each platform, describe in one sentence the legacy wrapper its wedge function replaces (or attempts to replace).

Q2: Which of these platforms has most aggressively extended beyond its wedge function into adjacent layers of the wrapping stack? What did it add, and in what order?

Q3: Why might a platform that launches with one wrapping wedge eventually want to look like a full vertically integrated venue — and what does it risk by doing so?

Activity 3: The Platform Puzzle

Scenario: A tokenisation platform is not a classic two-sided platform in the sense of a card network, but it does exhibit issuer-side and investor-side cross-effects. More issuers listed on the platform can attract more investors (if eligibility lists overlap); more investors active on the platform can attract more issuers (if the venue promises distribution). Neither side finds the platform valuable without the other.



Q1: Why would an RWA platform with more active issuers become more attractive to eligible investors, and vice versa? Name the specific cross-side mechanism — and then explain why it is weaker on a private-markets venue than on a public-equity venue.

Q2: Which side should a new RWA platform attract first, and why? What distinguishes this choice from a public-equity exchange's choice?

Q3: Once an RWA platform accumulates issuer relationships and an eligible-investor roster, what specifically makes it hard for a later entrant with the same template to catch up?

Solutions

Activity 1: Business Model Canvas Detective

A1: Model answer for Securitize: Securitize most actively tokenises regulated private-market assets — private-credit vehicles, private-equity feeder funds, and similar structures. Custody of the underlying typically sits with a regulated partner custodian rather than inside Securitize itself; Securitize owns the transfer-agent and investor-registry functions on chain. The platform absorbs the transfer-agent role from legacy registrars; it does not attempt to absorb custody.

A2: Securitize charges issuers at wrapping and along the life of the security (transfer-agent fees, ongoing investor-services fees), and earns a smaller trading-side fee on its secondary venue. The mix matters because regulated private-market secondary liquidity is structurally thin — if Securitize relied primarily on trading fees, unit economics would be exposed to a factor the platform does not control. Issuer-side capture is therefore the structural anchor.

A3: If Securitize disappeared, the legacy transfer agent and the legacy registrar for each issuer's deal would have to re-emerge: those are the wrappers the platform truly absorbs. The custodian and the broker relationships would remain in place, because the platform never actually absorbed them — it partners with them today. The residual gap is the compliance engine the platform owns in software.

Canvas elements (Securitize):

- **Value Proposition:** replace the legacy transfer-agent and registrar for private securities with a programmable on-chain equivalent; keep the existing custodian and broker partners.
- **Customer Segments:** primary — issuers of regulated private securities; secondary — accredited and institutional investors on Securitize Markets.
- **Channels:** the Securitize issuance product used directly by issuers and arrangers, Securitize Markets for eligible investors, and integrations with regulated broker-dealers.
- **Revenue Streams:** issuer fees at wrapping, ongoing transfer-agent fees, investor-services fees, and thin secondary-trading fees via the regulated venue.
- **Cost Structure:** compliance engineering, smart-contract audits, partner custody agreements, investor-onboarding operations, and broker-dealer regulatory overhead.

Activity 2: Unbundling Map

A1: Securitize replaces the legacy transfer-agent and registrar for private securities. Polymesh replaces the shared ledger layer for security tokens — it is itself a chain rather than a contract on another chain. Tokeny replaces the compliance logic built case by case by issuer lawyers with a reusable software standard (T-REX / ERC-3643). ADDX replaces the regulated-venue function for cross-border accredited-investor private-markets products. Ondo Finance replaces the offshore money-market wrapper that would otherwise be a bespoke feeder fund.

A2: Polymesh has most aggressively extended beyond its wedge. After establishing the identity and compliant-transfer primitives, it has added settlement finality, regulator read-access, and is progressively layering in dividends and corporate-actions tooling. The ordering matches the Christensen absorption arc: the cheap transfer-agent duties first, the expensive corporate-actions machinery last, each wave funding the next.

A3: A full vertically integrated venue captures more of the wrap-fee stack and becomes harder to displace as the compliance scaffolding accumulates. It risks that each layer added consumes engineering, legal, and regulatory attention that a narrower competitor does not need to bear. A platform that imports venue-style cost structure faster than it builds venue-style turnover risks losing on both the software-tool lens (margin erodes as complexity grows) and the venue lens (liquidity stays thin until reach is large).

Activity 3: The Platform Puzzle

A1: This is a **constrained cross-side network effect**. On a public-equity venue, every new listed issuer enlarges the investment opportunity available to every investor on the exchange. On a private-markets tokenisation platform, each deal carries its own eligibility list, so a new issuer enlarges the opportunity only for investors who are already pre-qualified for that deal. The cross-side effect is real — deeper investor pools reduce each issuer's distribution cost, and more deals reduce each investor's search cost — but it is bounded by the eligibility constraint that the public-market analogue does not face.

A2: An RWA platform typically attracts the **issuer side first** because each issuer brings a captive investor list through the deal structure. Until a platform has anchor issuers, the investor side has nothing to transact. This contrasts with a public-equity exchange, where the investor side can arrive first (the exchange lists a few reference companies and investor interest accumulates), because any investor can trade any listed security. The eligibility-list constraint is what flips the seeding order.

A3: A mature RWA platform accumulates a **layered structural moat**: the compliance engine (expensive to rebuild, slow to re-approve), the investor-eligibility registry (a data asset that cannot be cloned), the regulated licences and venue approvals (multi-jurisdiction and multi-year to assemble), and the issuer relationships (sticky once a firm has wrapped a security through one platform). A later entrant must match every layer simultaneously, which is much harder than matching any single layer in isolation.

