



Fundamental Report - Metaverse

Prime Rating Report V1.2

Protocol: STEPN
 Category: Gaming
 Version: 1
 Date: 24/04/2022
 Previous Report: -

Author: eL_krv
 Reviewed by:
 Season/competition: 3

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	13 / 15
b) Target market size	12 / 15
c) Product-market fit	14 / 15
Total Points - Value Proposition	39 / 45
2. Competitive moat	Points
a) Integrations & partnerships	5 / 10
b) Intellectual property	10 / 10
c) Infrastructure - security	10 / 10
d) Infrastructure - fees and ancillary infrastructure	10 / 10
e) Treasury management	5 / 10
Total Points - Value Proposition	40 / 50
3. Tokenomics	Points
a) Genesis token distribution	14 / 15
b) Purpose of the token	8 / 10



c) Ongoing token issuance / inflation	7 / 10
d) Value capture	8 / 10
e) Token liquidity	5 / 5
f) Extrinsic productivity	4 / 5
Total Points - Tokenomics	46 / 55
4. Team	Points
a) Credibility and reputation	9 / 10
b) Relevant experience	13 / 15
c) Thought leadership and public presence	9 / 10
d) Ability to foster a community and coordinate resources	14 / 15
Total Points - Team	45 / 50
5. Governance	Points
a) Extent of governance capabilities	7 / 10
b) Active governance contributors	3 / 5
c) Governance infrastructure robustness	6 / 10
d) Process and ease of use	2 / 5
Total Points - Governance	18 / 30
Total	188 / 230

For gaming projects only:

6. In-game economy	Points
a) Ease of use / Onboarding	13 / 15
b) Sustainability of P2E or in-game economy	18 / 20



c) Utilisation of NFTs	15 / 15
Total Points - In-game economy	46 / 50
Total	234 / 280

1. Value Proposition

The "Value Proposition" section assesses the value a protocol delivers to its users. The rating is based on the size of the problem a protocol addresses and the product/market fit of the protocol's solution

a) Novelty of the solution (15 points)

This score evaluates the novelty (uniqueness) of the protocol. Has the protocol introduced any innovations that help solve users' problems, either technical or organisational? Or has it just forked someone else's code?

Answer:

STEPN is a Web3 lifestyle app with inbuilt Game-Fi and Social-Fi elements. STEPN is built around an essential daily activity for most people – moving around. It is the first project to effectively bring to life a functioning move&earn concept, finishing 4th out of 500+ projects at the Solana Ignition Hackathon 2021. Users equipped with NFT Sneakers – walk, jog or run outdoors to earn GST, which can be used to level up and mint new Sneakers.

Players can choose to lease or sell their NFT Sneakers on the in-app Marketplace; users' GST earnings are stored in the in-app Wallet, which has a built-in Swap function.

STEPN differentiated itself from other m2e projects by real mass adoption and expansion of this concept.

Unique Features of STEPN

Burn Mechanism

The tokens being available in a limited supply has made the requirement of a burn mechanism necessary in order to facilitate more and more users to lead a healthy life. This process is used to reduce the circulation of both the GMT and GST tokens through various in-app activities.

Dual Token Model

The STEPN ecosystem runs on a dual-token economy model which is mainly due to the need for fundraising and utility. In this case, there are two tokens that are both available for users to earn through different methods.

Green Metaverse Token (GMT)

GMT is the native token behind the STEPN project and offers a limited supply of six billion tokens. It can be earned in different ways such as through the Token Generation Event (TGE) where it can be minted.

Green Satoshi Token (GST)

Green Satoshi Token is an in-game utility token that can be used to purchase goods in the app. Unlike the GMT token, GST enjoys an unlimited supply and can be minted in the game through basic movements.

Score: 13



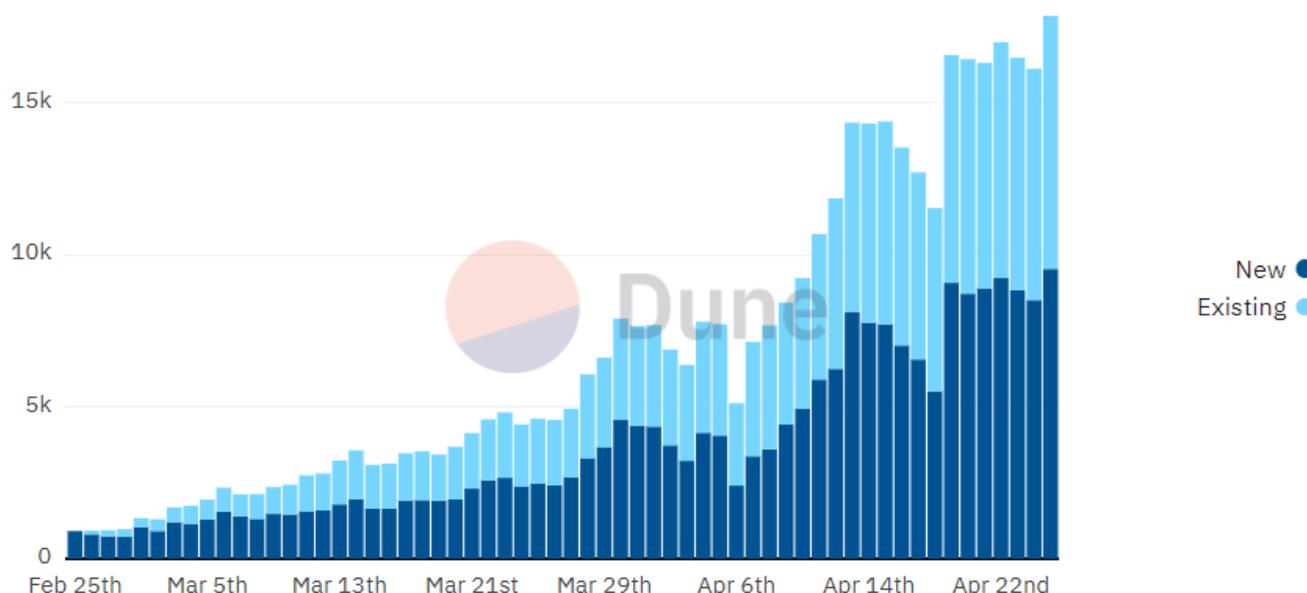
b) Target market size (15 points)

The target market size evaluates the current and future size of the problem a protocol aims to solve. While the term Metaverse is all-encompassing, what is the target market size for the relevant sector? For example, NFT games are trying to disrupt the traditional gaming industry, which is reported to be worth roughly \$175 billion.

Answer:

As we can see, user adoption of STEPN has seen organic growth - [source](#).

[STEPN] Daily Users



The protocol is aimed at the mass market. According to the number of sales at various sites, STEPN is meeting the demand very well and is aiming to expand its product. Future plans include rental and credit systems, which will give even more audience growth. Recently STEPN announced the milestone of reaching 300K Daily Active Users

Score: 12

c) Product-market fit (15 points)

Product-market fit evaluates the degree to which a protocol satisfies market demand in their specific sector. How many users does a protocol have? What is the trading or transaction volume on a platform? Is there growth on both the buy and sell side of the market? Is the protocol targeting the right product segment at all?

Answer:

Total market cap of GMT is about 2 billion. Circulating supply is 600.000.000 GMT, which is 10% of total supply.

In the past two weeks, the price of STEPN's native token, GMT, has experienced parabolic gains gaining over 2378.6% from its all-time low of \$0.100826 and reaching an all-time high of \$3.47

[According to crypto experts](#), the price rally around GMT is going to increase.

The token shows high trading volumes on both daily and monthly timeframes. According to CoinMarketCap, the token ranks 51st on the market.

The project is backed by investments from the top funds, such as Sequoia, Binance, Solana Ventures, Alameda and others.



Score: 14

2. Competitive Moat

The "Competitiveness" section looks at a protocol's competitive moat in the space and its unforkable assets. This includes integrations and partnerships, intellectual property, the underlying infrastructure being used, and treasury management.

a) Integrations & partnerships (10 points)

Due to crypto's open-source nature, the code of most protocols can easily be forked. This score represents one piece of unforkable value. Some indicators are the number of applications built on top of the protocol (vertical integration) and other entities integrating the protocol's services (horizontal integration).

Answer:

The project already has a collaboration with Asics. One of the fastest ways to build a brand is through leveraging this kind of co-branding opportunity. STEPN aims to be the leading Sneaker brand on the web3 and in the future, they will not only work with the Sneaker brands but also explore the possibilities to work with luxury brands and blue-chip NFT projects.

Unfortunately, there are no examples of direct integration

Score: 5

b) Intellectual property (10 points)

Intellectual property is and will continue to be a crucial part of the metaverse. This score considers if a project, for example, developed a unique IP that creates a sustainable competitive moat around it or, as an alternative, secured IP through agreements with outside parties.

Answer:

The project secured real-world IP through agreements or licensing deals with traditional media and entertainment brands such as Google and Apple.

Score: 10

c) Infrastructure - security (10 points)

Metaverse projects make all kinds of choices when it comes to infrastructure. Some build their own solutions, whether Ethereum side-chains or a new blockchain entirely, and some deploy to an existing sidechain or a level 1 blockchain. These decisions have significant trade-offs across security, maintenance, ease of use, costs and scalability, etc. This score assesses specifically the security of the chosen infrastructure solution.

Answer:

There are several stages of checks STEPN has already gone through. They follow the guidelines of privacy from Apple



and Google strictly and would also move the encrypted user data on a decentralized storage protocol around next year.

As for the fund security, STEP N uses the decentralized wallet, so that users are managing their own funds. They will also implement the 2FA in the near future to add more security measurements to the app. STEP N's Smart Contract is audited by Verilog Solution - [details](#)

Score: 10

d) Infrastructure - fees and ancillary infrastructure (10 points)

The section above assessed specifically the security of the chosen infrastructure solution. This score, however, looks at the other side of the scalability trilemma - fees and the ancillary infrastructure like bridges, wallets, etc.

Answer:

Current features of STEP N include:

In-app NFT marketplace: Users can trade their NFTs on the marketplace. In-app swap: Users can swap their token earnings to other forms of cryptocurrencies. In-app decentralized wallet: Users can deposit and send cryptocurrencies to the wallet to fund their spending accounts.

STEP N has decentralized wallet which is built on Solana and BNB chains, so on occasions when the Solana chain is congested, holding a BNB Chain Step N Sneaker will enable users to jump to BNB Chain to earn the BNB Chain version of GMT and GST, and vice versa. It also has wallet backup function. In the near future, it will offer multi-chain asset deposit and withdraw and support NFT PFP (Profile Photo) display for ETH and SOL.

Cleverly, by giving users multiple chain options, STEP N can offer the best of both low fees and security, depending on user preference.

The 2% Marketplace Trading Fee is reserved to the team to sustain its operation, no less than 5% of the Trading Fee will be given back to the STEP N ecosystem.

Score: 10

e) Treasury management (10 points)

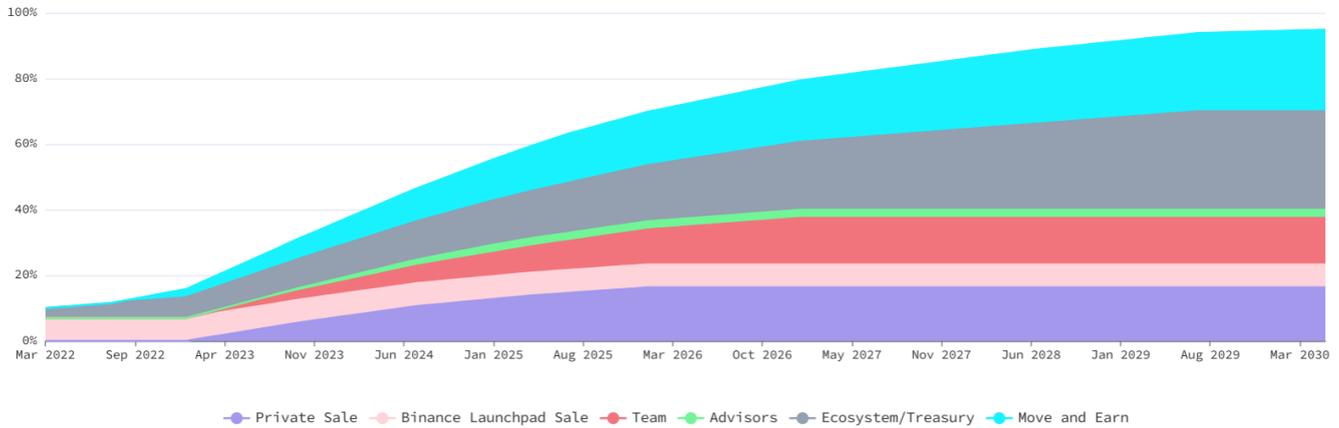
Treasury management refers to the project's management of its assets and balance sheet. How diversified is its treasury? If diversified, are the assets productive? For example, does the project own its liquidity? Are there procedures and plans in place for managing the treasury?

Answer:

The 2% Marketplace Trading Fee is reserved to the team to sustain its operation, no less than 5% of the Trading Fee



will be given back to the STEPn ecosystem. The other tax collected by STEPn will be funnelled into a Treasury pool.



30% of total supply will be held for treasury management.

There has been conversations about the implementation of treasury management, but so far these are just plans.

Score: 5

3. Token Economics

The "Token Economics" section assesses the function of a protocol's token. This includes the token distribution, its functionality, the ability of the token to incentivise desired behaviours and value capture potential.

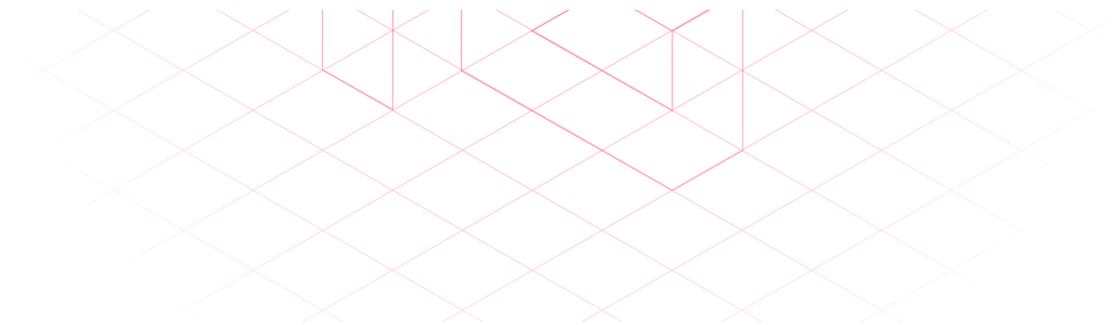
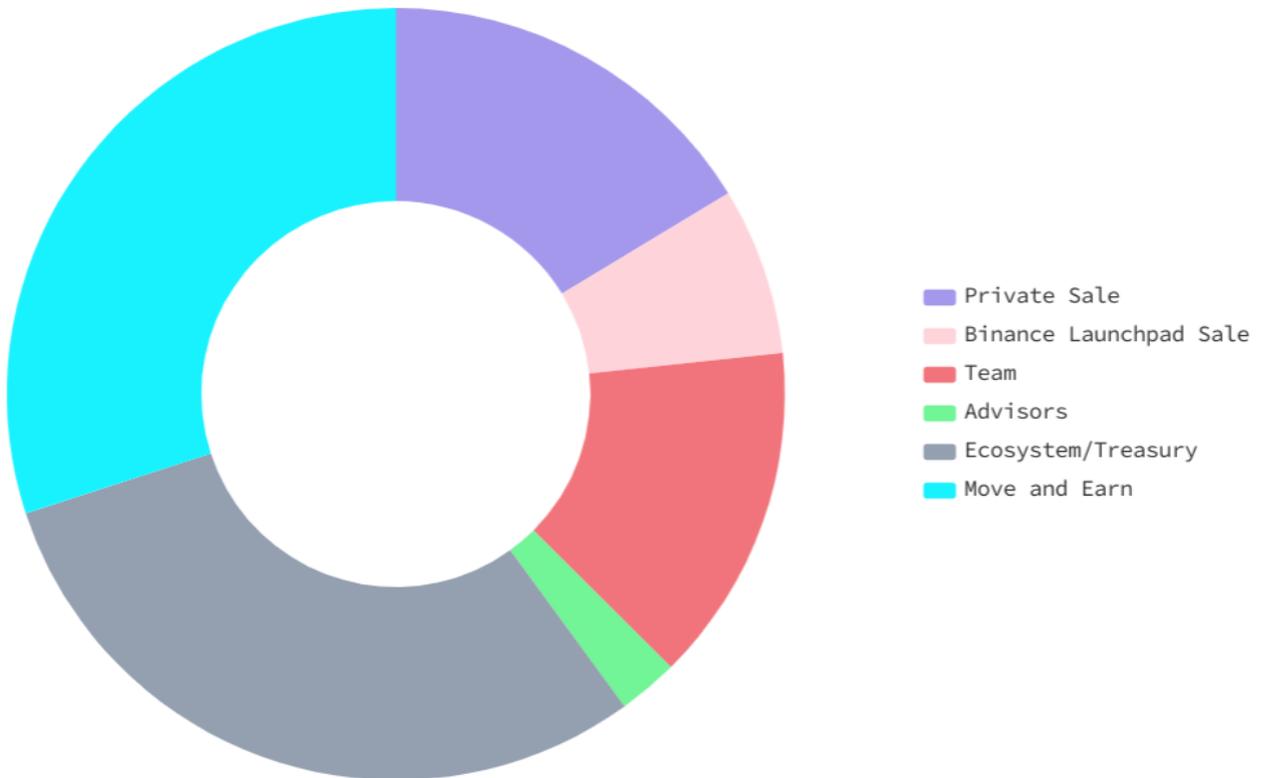
a) Genesis token distribution (15 points)

Token distribution can be an indicator of a healthy protocol and, if done well, can improve coordination and alignment among different stakeholders. Was the initial distribution fair and balanced? Are the tokens distributed widely or is the ownership concentrated?

PrimeRating



Answer:





Token Name	GMT
Token Type	Solana SPL
Total Token Supply	6,000,000,000 GMT
Private Sale Allocation	978,000,000 GMT
Private Sale Token Price	~ 0.005 USD / GMT
Private Sale Amount Raised	~ 5,000,000 USD
Binance Launchpad Sale Allocation	420,000,000 GMT
Binance Launchpad Sale Price	0.010 USD / GMT
Binance Launchpad Amount to be Raised	4,200,000 USD
Initial Circ. Supply When Listed on Binance	600,000,000 GMT (10.00%)

Token Name	GMT
Private Sale	16.30% of the total token supply
Binance Launchpad Sale	7.00% of the total token supply
Team	14.20% of the total token supply
Advisors	2.50% of the total token supply
Ecosystem/ Treasury	30.00% of the total token supply
Move and Earn	30.00% of the total token supply



As we can see the initial distribution is fair and balanced and tokens distributed widely.

Score: 14

b) Purpose of the token (10 points)

This score evaluates the purpose of a token in the project's ecosystem. For example, does it provide utility? Does it have governance rights attached to it or a built-in value capture mechanism?

Answer:

STEPN uses token rewards to incentivize users to exercise daily and enhance their fitness level.

STEPN has a dual-token system, a game token - Green Satoshi Token (GST) and a governance token - Green Metaverse Token (GMT).

GMT is the native governance token of STEPN and has the following use cases:

Governance: Stake to participate in governance, the longer the locking period, the higher the voting power.

Staking reward: GMT stakers can vote to decide the distribution of staking rewards.

Accrual of protocol revenue: GMT is burned to access in-app features, such as sneaker upgrades and minting of new sneakers.

Score: 8

c) Ongoing token issuance / inflation (10 points)

Most tokens have built-in inflation. This section evaluates the purpose of that inflation. Is it justifiable? Does it help improve the coordination and alignment of incentives for the protocol? Does it incentivise positive-sum behaviour? Are the benefits flowing to all relevant stakeholders or just select groups?

Answer:

Many people wonder if GST with its unlimited supply would go into a death spiral. The dual tokenomics model addresses this by making GST earning irrelevant at a higher level. As people approach the higher levels, they are presented with the option to choose what token to earn, and they would naturally want to earn the limited supply GMT. This will get amplified with time as more GMT are burned and more GMT use cases are released. This would reduce the GST token supply by a lot, hence balancing the token value. If too many people are mining GMT, they will earn less than what they can do with GST, so they will switch to earning GST, and this will reduce the competition in earning GMT, and in turn, makes GMT mining profitable again, so people will come back. This is a classic prisoner dilemma magnified on a bigger scale.

Score: 7

d) Value capture (10 points)

The ability to accrue value and consequently distribute it to stakeholders can be an effective coordination mechanism and deliver long-term benefits to a project.



Answer:

STEPN takes small taxes from in-app activities, such as NFT trading, Shoe-minting and Shoe-rental. All assets in the STEPN app are owned by individual users and the majority of earnings in the app are made by users. As discussed above the token has an effective value capture and distribution mechanism. Revenue is directly tied to the success of the game. More users, levelling up and trading their way through the game, leads to greater revenue generation all of which goes back to the stakers

Score: 8

e) Token liquidity (5 points)

Is the token widely available and is there sufficient liquidity to facilitate all protocol functionalities?

Answer:

The token is available on Tier 1 CEXs including Binance, FTX, Coinbase and Bybit. There are pools on Uniswap V3, dYdX, Pancake and etc for decentralised trading.

Score: 5

f) Extrinsic productivity (5 points)

Can the token be used outside of the project's ecosystem? For example, can it be used as collateral elsewhere, be staked for yield or rewards, etc.

Answer:

At the moment of writing it can be deposited on Binance. Considering the above, we will soon see many such applications.

Score: 4

4. Team

The "Team" section describes the quality of the team behind the protocol. The current version of Prime Rating favours teams that are publicly identifiable. In the case of an anon team, the track record of the specific anons involved can be taken into account.

a) Credibility and reputation (10 points)

Are the identities of the core team public? In the case of anon team members, do they have a track record or reputation in the crypto space?

Answer:

The team is fully doxxed and have great reputation.

[Jerry Huang](#) has more than 10 years in game development, ranked most downloaded game in IOS App Store.

[Yawn Rong](#) - crypto angel investor, experience in scaling small project to national brand.

[Jessica Duan](#) has a proven records of over 10 years in high end clients consulting services.

Ryan Turner - lead designer, founder of company Malicious Delicious.

Score: 9



b) Relevant experience? (15 points)

Does the team have a track record of execution? Have individual team members built a product or a business before? Does the team have the necessary skills? For example, if a project is making a game, do they have a game developer?

Answer:

As mentioned before, the team truly has a lot of experience in this field.

Additionally, Scott Dunlap - VP at Adidas and CEO at Runtastic (#1 app for training, according to my 5 years experience with it)

Score: 13

c) Thought leadership and public presence (10 points)

To what extent do the protocol contributors participate in the public debate around the metaverse? Are the team members giving presentations, sharing their thoughts and opinions, and do they help raise the industry's collective intelligence?

Answer:

The core team and contributors are active on Twitter and have made limited podcast appearances, AMA sessions, etc.

Score: 9

d) Ability to foster a community and coordinate resources (15 points)

How effective is the team at attracting and coordinating resources for the benefit of the protocol? Do they manage the community well, fostering a welcoming and positive environment? Does the community represent the project well externally?

Answer:

STEPN has undoubtedly been able to foster a community. They are also passionate, staying engaged with all the leaked images and game updates, something that is reflected in the positive interactions on social media. Thanks to Jessica, it's not just the community, but the other projects as well.

We are already seeing support from the best foundations (sequoia!!!) and collaborations with global brands outside the crypto world.

Score: 14

5. Governance

The "Governance" section evaluates all aspects of the protocol's governance, from infrastructure to processes and distribution of governance power.

a) Extent of governance capabilities (10 points)



Distributed governance should allow token holders to participate in the governance process. How much influence does the current governance process have when everything works as intended? What parts of the protocol does governance touch? Who can put forward a vote, and are there any limits or requirements (number of tokens, only the team can queue votes up, etc.)?

Answer:

Voting Power

By locking the staked GMT, users will get higher voting power:

Locking Period	Weight
1 month	1
3 months	4
6 months	8
1 year	16
2 years	32
3 years	64

Voting Option	Profit Distribution	Consequence
Generous Giver	70% Carbon Offsetting, 30% dividend	Reward voters' GMT
Kind Giver	55% Carbon Offsetting, 45% dividend	Reward voters' GMT
Matcher	40% Carbon Offsetting, 60% dividend	NA
Greedy Taker	25% Carbon Offsetting, 75% dividend	Burn voters' GMT
Selfish Taker	10% Carbon Offsetting, 90% dividend	Burn voters' GMT



Score: 7

b) Active governance contributors (5 points)

Governance is time-consuming, and governance apathy is a common problem in most democratic systems, including crypto. Therefore, it's essential to have a sufficient number of community members allocate resources to the governance process of the protocol. How many individuals participate in the debate around the protocol? How active are voters? Is delegation enabled?

Answer:

The Discord has a whole category dedicated to the governance process, discussion and outcomes. This fosters decent engagement and transparency. Also there are a lot of chats, organised by the community on telegram - [example](#).

Score: 3

c) Governance infrastructure robustness (10 points)

Robust infrastructure relates to how well the technology, software, and models used by the protocol's governance withstand actual use cases. Does the protocol have a reliable voting mechanism? How robust is the governance process, and does it facilitate good governance? Are the votes binding, or do they function solely as signals to the team?

Answer:

In theory, STEPn have a great distribution model that allows for fair and honest decision-making. But given that the project is in beta test and has been in existence for about two months, it is impossible to say yet how effective this system will prove to be.

Score: 6

d) Process and ease of use (5 points)

This score is based on the documentation and process for governance. More specifically, how easy it is to participate in governance. Does the protocol have a formal governance process? Is sufficient documentation available? Is there a basic framework to establish social consensus? Are there channels dedicated to governance debate?

Answer:

Governance is described in whitepaper but there is not a lot of information about it.

Score: 2

6. Gaming Specific - In-game Economy

Gaming is and will continue to be an essential part of the metaverse. One of the benefits of NFT gaming and blockchain technology more broadly is authentic verifiable digital ownership. For games, that enables the creation of open in-game economies. However, these economies need to be well balanced through token economics and token design. The "Gaming" section focuses on the analysis of in-game economies and their sustainability.



a) Ease of use / Onboarding (15 points)

Gaming projects are introducing crypto to a lot of people in a short space of time. How easy is it for players to get to grips with the game, token economics, and onboard funds from the traditional financial system? Can the game be played on mobile, PC (browser or install) or both?

Answer:

STEPN is live only on iOS App Store and Google Play store.

With a little bit of gamification and move2earn as the core mechanic, STEPN can nudge millions to embrace a healthier lifestyle. Non-crypto natives can earn before they learn how to use a Decentralized Wallet. This will also be their first step in the Web3 world. On the site of the project or in discord is very detailed description of the mechanics of the game, token economics and how to enter it for new users. This is undoubtedly a big plus. In the near future, there will be zero entry barrier, so STEPN will not require people to own NFT assets to move2earn. Instead, they can rent them for free from other users to get started, with the earnings split later.

But to start playing now you have to buy a NFT worth more than \$1,000.

Score: 13

b) Sustainability of P2E or in-game economy (20 points)

This section scores the sustainability of the in-game economy. Does it rely on the ever-increasing growth to sustain the ecosystem? Are there multiple levers the team can pull to balance the economy?

Answer:

As we said before STEPN has the duo tokenomic model.

[Whitepaper](#) contains very detailed and easy to understand documentation explaining the ecosystem.

Pay attention to the anti-cheating system!

Score: 18

c) Utilisation of NFTs (15 points)

NFTs are the fundamental building block of NFT gaming projects and enable open and transparent in-game economies. Can everything in the game be owned by players (Land, Character, Items) as an NFT, or is it limited? Once owned, can items be traded freely?

Answer:

Stepn has 10,000 sneakers on solana and 10001-20000 sneakers on BNB.

Each player can own sneakers, gems and sockets.

They all have different types, attributes, quality and level

Score: 15



About the Author:

@el_krv

This is my first experience of this kind, so please don't judge me harshly.
I am working on improving my analytical skills and thank you for this opportunity.

