Visor Fundamental Review
Prime Rating Report V2.0

Protocol: Visor
Version: 1
Previous Report: Link to previous report

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Season/competition: Season 2 / rate-athon #2

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1. Value Proposition
a) Novelty of the solution (15 points)

This score evaluates the novelty (uniqueness) of the protocol. Has the protocol introduced any new innovations that help solve user's problems more efficiently? Is the project a fork? To what extent did they copy/fork the original?

Answer:

Uniswap, the leading AMM introduced version 3 in summer 2021. Individual LP positions are now unique and thus represented as an NFT as one can set upper and lower bounds for a trading range where liquidity should be provided. While this can help to improve capital efficiency and prevent Impermanent Loss, Uniswap v3 LP positions are tedious to manage as the chosen parameters constantly should be adjusted. This costs a lot of time and money (especially in times of high gas fees). Also, the tighter the range, the more capital efficient a uniswap strategy is.

Visor solves the problem of managing Uniswap LP positions - especially the aspect of capital efficiency. It reduces fees and also automatically re-invests LP earnings. Its first product - Visor Vault - is an original solution as they were the first one to achieve the automatic management of the price ranges, rebalancing assets, and re-investing earned fees to generate yields in an optimal fashion.

Another product is Visor Phantom, a whitelisted private Hypervisor,where protocols can manage their liquidity through a private Visor Phantom portal.

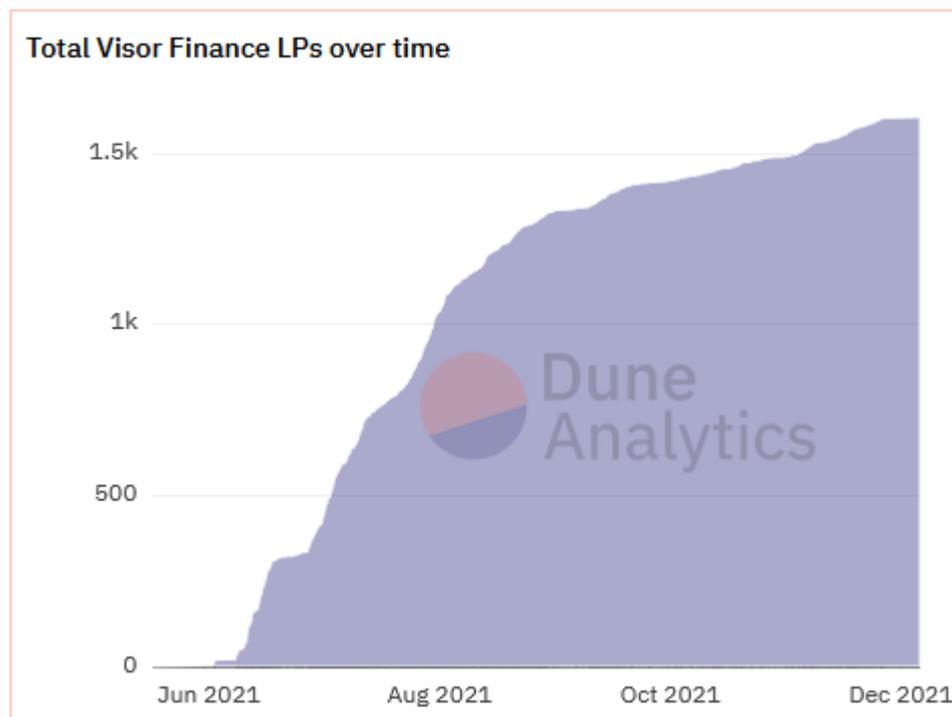**Score: 11**

b) Market fit/demand (15 points)

This score evaluates the degree to which the protocol satisfies a strong market demand. The market fit evaluates if the protocol is able to satisfy the needs of a specific market (can also be measured by

user adoption/ #of users). To what extent has the protocol proven to meet the demand of a specific market? Is the timing of the product right for the market? Is the protocol targeting the right market?

Answer:

The timing is spot on as they were the first protocol tackling this problem at the time when Uniswap v3 was released in mid 2021. User adoption is rising (see chart below) but still far behind its potential (Uniswap has about 10 billion USD in TVL). Currently 44 Uniswap v3 pairs are under management with a TVL of 24.5 million USD.,

Source: https://defillama.com/protocol/visor-finance

Total Visor Finance LPs over time

Source: https://dune.xyz/marcelmistral/Visor

As for Visor Phantom, they already attracted a few partners that are using it:

- Perpetual Protocol
- Tokemak
- BUmper FInance
- Babylon FInance
- Gro Protocol
- Float Protocol
- Liquidity
- TracerDAO
- ARC
- mSTABLE
- FEI Protocol
- Index Coop
- AP WIne

https://docs.visor.finance/learn/partners/liquidity

A good example to understand the use case is the governance forum of Idle Finance where the suggestion to use Visor is discussed:
https://gov.idle.finance/t/build-protocol-owned-idle-eth-concentrated-liquidity/737

Given the growth of DAOs and protocols that are looking to outsource at least parts of their treasury management, we expect that the current positive trend to attract new users of Phantom will most likely continue.
Source: https://learn.multisafe.finance/helping-daos/

Score: 11

c) Target market size? (10 points)

The target market size evaluates the current and future size of the problem the protocol is aiming to solve. The category of the Open Finance solution can be used as a reference to the target market (for example: Lending). Because Open Finance is by definition global, the global market for a specific problem equals the target market size.

Answer:
Their immediate target group for the Visor Vaults are Uniswap v3 LPs who prefer to simplify the management of their LP positions. However, Visor actually increases the overall market for Uniswap LPs as their solution makes Uniswap LP management feasible for smaller investors with less time. This is very positive for the space. As Uniswap is by far the most dominant AMM at the time of writing, their decision to focus on the leading DEX seems to be the correct strategic decision so far..
Visor Phantom targets other protocols with sufficient treasury assets. They have attracted their first customers.
Given the immediate target market size (which is itself growing) is the TVL of Uniswap (about 10 billion USD in TVL), Visor has a large enough market to address. However, the longer term growth potential is unclear, as explained in the next section.
Source: https://defillama.com/protocol/uniswap

Score: 5

d) Competitiveness within market sector(s) (10 points)

This score evaluates the competitiveness of the protocol within the market sector(s) it operates in. This score offers a relative comparison of the protocol and other protocols operating in the same market sector(s). To evaluate this, metrics to directly compare with the competition can be used (e.g. TVL, trading volume, number of users).

Answer:

As the first mover in the space they do not yet have direct competitors. Thus, we can assume they serve as a benchmark in the narrow space of managing Uniswap LP positions.

They are dependent on the overall development of Uniswap - they could easily introduce some core features of Visor themselves. Also, given the launch of Bancor v3, which will offer advanced features such as auto-reinvestment of fees and IL protection, it remains to be seen if Uniswap will keep its spot as #1 DEX.

Score: 7

e) Integrations & Partnerships (15 points)

Due to crypto's open-source nature, the code of most protocols can easily be forked. This score represents a piece of "unforkable value". Some indicators to look at are the number of applications built on top of the protocol (vertical integration), other entities integrating the protocol's services (horizontal integration) or the number of relevant partnerships (be careful of logo collections/ partnerships without much purpose).

Answer:
They established "Gamma Strategies". Gamma participates in and sponsors the discovery and development of sophisticated strategies that govern the active management of assets on Visor.

Gamma has received and accepted grant applications with backgrounds at a number of high-profile quantitative hedge funds, market making and active management firms including Blackrock, UBS, Citadel and Two Sigma.
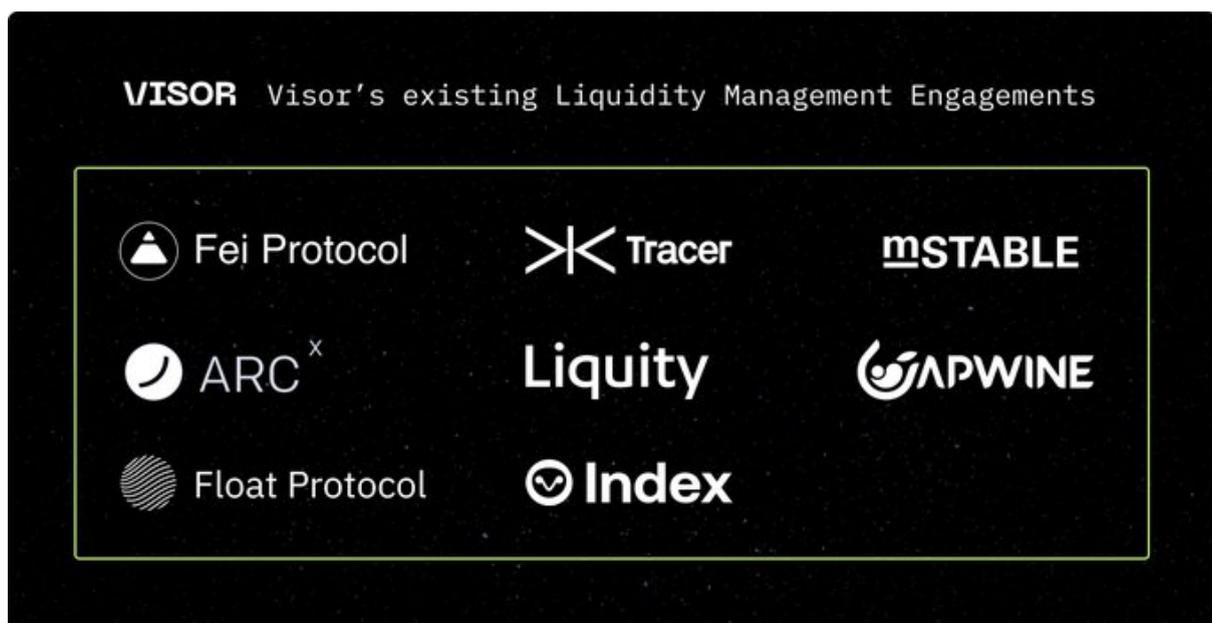Sources:
https://www.gammastrategies.org/info
https://medium.com/visorfinance/announcing-the-token-distribution-and-launch-of-visor-finance-22a84f5556e1
While these claims can't be fully verified, the quality of the public post by Gamma Strategies is very high.

VISR also applied for a Tokemak reactor and won, which only a few protocols have achieved so far:
https://www.tokemak.xyz/core

They are managing liquidity for a handful of protocols and are winning new engagements on a weekly basis.

Source: https://twitter.com/VisorFinance/status/1460274953505447940

Score: 13

2. Tokeneconomics

The Tokeneonomics section assesses the function of a protocol's token. This includes the token distribution, functionalities of the token, the ability of the token to incentivize positive behavior in the protocol, and the ability of the token to capture a portion of the value created.

a) Is the token sufficiently distributed? (15 points)

The token distribution can be an indicator of a healthy protocol. When the protocol tokens are widely distributed among different stakeholder groups and contributors, this genuinely improves the coordinating capability of the token and strengthens the resiliency of the protocol. Was the initial distribution balanced between relevant stakeholders? Are the tokens distributed over sufficient participants (10, 25, 100 largest addresses)?

Answer:

A total supply of 100,000,000 VISR tokens is currently held by 5900 unique Ethereum addresses. This includes addresses of custodials who hold VISR tokens for several individuals. The top 100 holders collectively own 96% of all VISR tokens. Note that this includes the Uniswap v3 pool.

Diving deeper into the top 5 holders, which collectively own 57.1% of all VISR tokens, we find that the 2 largest holders (19.4% and 14.8%) are VISR RewardsHypervisor Smart Contracts.
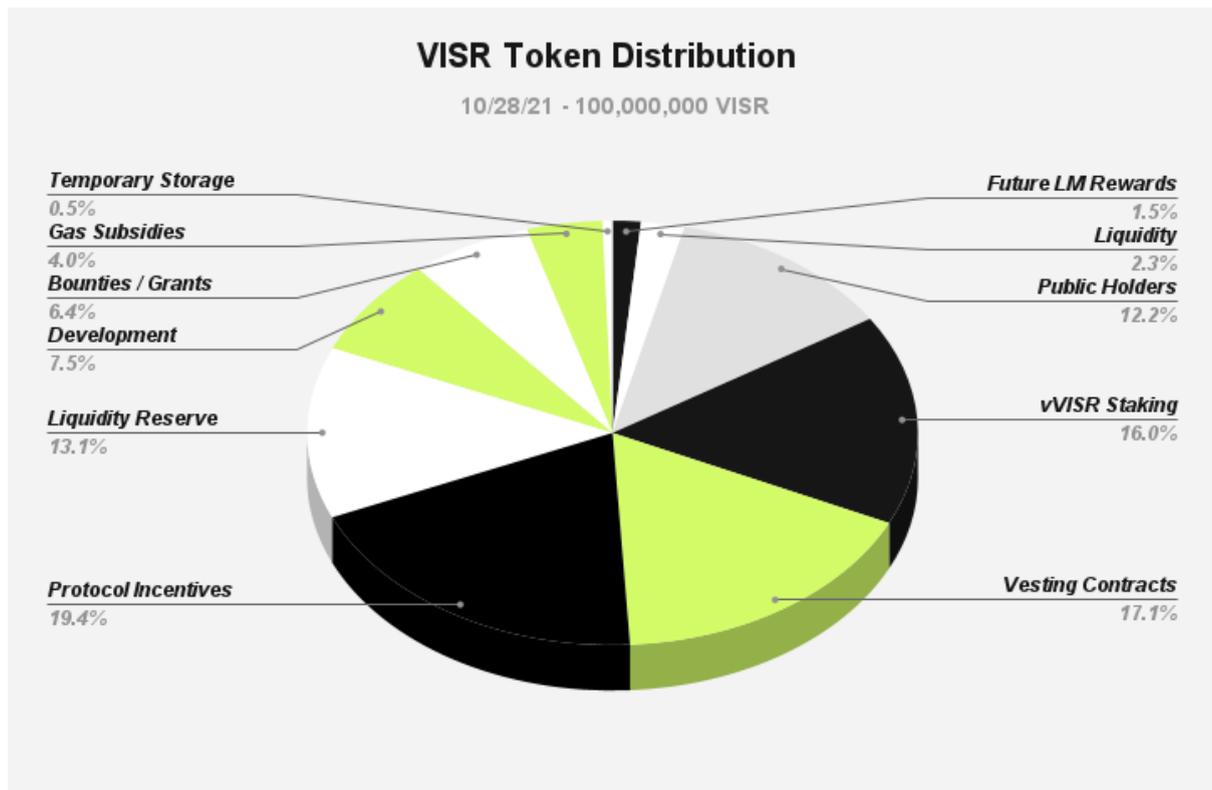The 3rd to 5th largest holders (9.18% / 7.5% and 6.3%) each point to a Gnosis safe.

Source: https://etherscan.io/token/0xf938424f7210f31df2aee3011291b658f872e91e

Snapshot (October 28th 2021):
Source: https://docs.visor.finance/learn/tokenomics

VISR Token Distribution
10/28/21 - 100,000,000 VISR

To interpret this distribution, we look at a benchmark of other protocols and draw the conclusion that VISR tokens are fairly skewed regarding contributions. Yet, the observed token distribution largely represents the actual stakeholders of the protocol - those who manage larger LP positions naturally hold more tokens.

Source:
https://medium.com/glassnode-insights/assessing-the-distribution-of-erc20-tokens-on-the-ethereum-network-869fc723ca73

Score: 10

b) What is the extent of the token's capabilities? (10 points)

Is the token useful within the protocol? Does the token allow the holders to participate in governance or influence the protocol in any way? Does it serve any other purposes?

Answer:

Staking VISR earn an APY of close to 10%.
It allows users to get exposure to all the pools supported by Visor, which brings the benefit of diversification and this risk reduction.

According to their snapshot space, anyone holding at least 1 million VISR tokens can submit a proposal while anyone holding at least 1 Visor token can vote.
However there are no past or current proposals visible on snapshot at the moment. Thus we have to assume that governance will only be enabled in the future.

Sources:
https://snapshot.org/#/visor.eth
https://vault.visor.finance/analytics

Score: 7

c) Is the issuance/distribution model able to improve the coordination of the protocol? (10 points)

To what extent does the issuance of the token support the advancement and function of the protocol? Are the tokens justifiably being issued? Does the issuance model incentivize the right behavior? Are all relevant stakeholders benefiting from the issuance model?

Answer:

A large percentage of tokens are earmarked for specific purposes (see exact numbers in the section a) above).
Most of these funds are to be used for improving the protocol (e.g. development, bug bounties and partnerships) as well as attracting users. The latter category includes funds for future liquidity mining reward programs as well as funds that are held to subsidize gas costs to ensure the protocol runs smoothly and remains inexpensive to use.

Regarding future issuance, it is however unclear if and how additional VISR tokens will be distributed.
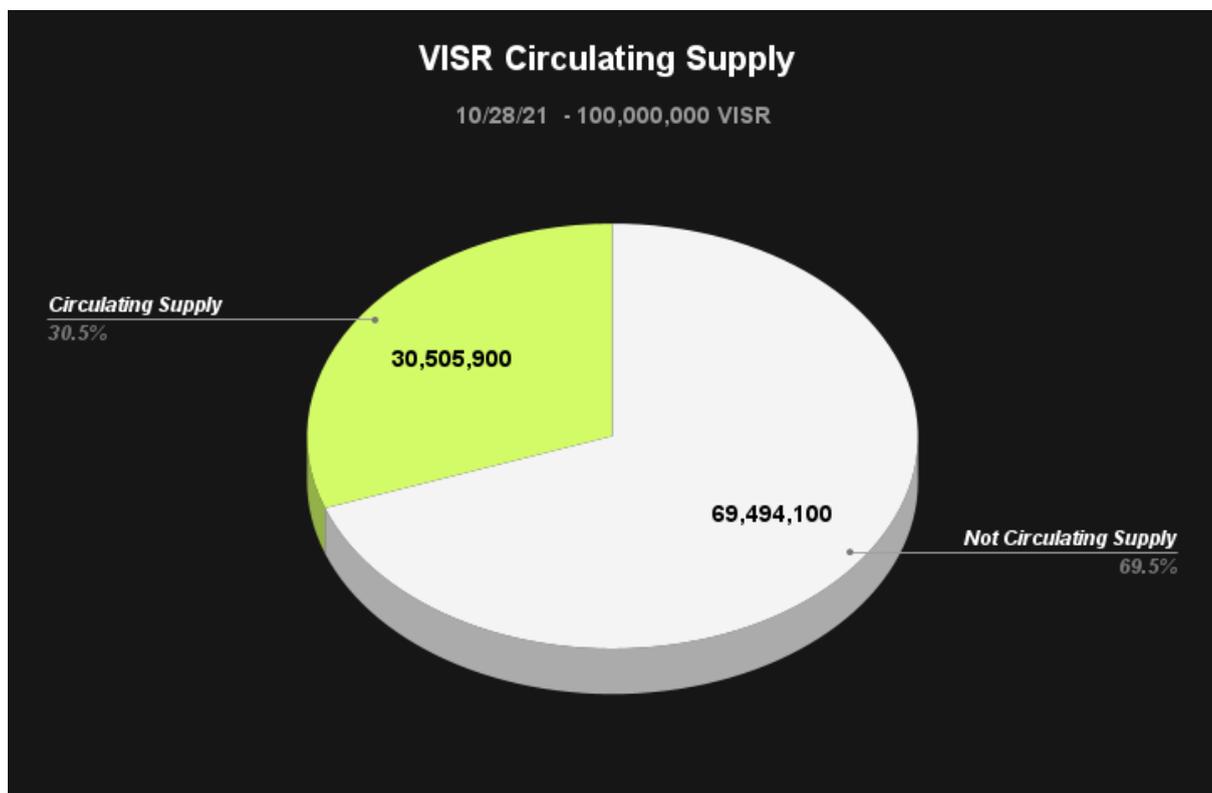
Sources:
https://docs.visor.finance/learn/tokenomics

Score: 7

d) Is the value capture model able to accrue and distribute value? (10 points)

A value accrual and distribution mechanism can help improve the utility of a token and its ability to be used as an effective coordination mechanism. Does the protocol have mechanisms to distribute some of the value created to the token holders?

Answer:

Staking VISR is the most important mechanism for token holders to earn revenue. 10% of all fees earned across all liquidity pools are distributed to VISR stakers.

The mechanism works as follows:

10% of protocol fees are used to buy back VISR on the open market and distributed to the vVISR pool. The value of vVISR tokens will rise as the pool gets more funded with VISR distributions

However, vVISR tokens can not be bought anywhere currently.

Source: https://docs.visor.finance/features/staking

Score: 7

e) Is the token sufficiently liquid to enable active use and trade? (5 points)

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

Answer:

DEX:
There is a uniswap v3 pool available with sufficient liquidity. The pool has >5 million USD in TVL and over 500k in 24h volume traded.
https://info.uniswap.org/#/pools/0x9a9cf34c3892acdb61fb7ff17941d8d81d279c75

CEX: It is only traded at Gate.io and hoo.com, but with limited liquidity and a high spread. No official support by the team for CEX trading.
https://www.coingecko.com/en/coins/visor#markets

Score: 2

f) Are there any extrinsic productivity use cases for the token? (10 points)

Besides the protocol's value distribution model as described in 2. d), can the token be used productively on other protocols (e.g. as collateral, for lending, LPing, yield farming, etc.)?

Answer:

The VISR token can be used in the Uniswap ETH/VISR pool
(https://app.uniswap.org/#/add/ETH/0xF938424F7210f31dF2Aee3011291b658f872e91e/3000)

Other than that, there are currently no use cases of VISR such as lending, etc.

However, the team stated that:
"The VISR token will evolve with the protocol over time. Other uses could arise, such as governance (DAO) functionality, other liquidity mining programs, leverage, and much more."
Source: https://docs.visor.finance/learn/tokenomics

Score: 4

3. Team

The Team section describes the quality of the team behind the protocol. The current version of Prime Rating favors 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) Is the team credible and public? (15 points)

Are the identities of the core contributors and team publicly identified? In the case of anon team members, is there any way to track their background/record?

Answer:

The team generally chose to stay private.

In terms of size, looking into their discord server, 4 people are marked as "Admin", however all are using pseudonyms.

By diving deeper into YouTube videos, some names of Visor team members could be found:

- *Miles* Becker (Developer, Operations, Community Management)
- Brain Park (Community Management)
- Simon (Smart Contract Developer)
- https://www.saganaki.xyz/ (an economist with a macro and corporate finance background; working mainly on Gamma Strategies)

While the individual credibility of the team members is hard to assess, they exhibit a high level of expertise in their appearances on YouTube. Further, the investment by highly credible funds like 1confirmation and Digital Currency Group adds additional credibility.

Sources:
https://www.youtube.com/watch?v=uHXbhOCAEc0
https://www.youtube.com/watch?v=Fay4FChHsWQ

Score: 11

b) Does the team have relevant experience? (10 points)

Are there any documents or trails available to showcase the track record of the team? Do the team members have relevant backgrounds and skill sets?

Answer:

They claim that "Visor is being built by an anonymous group of DeFi veterans who have worked at leading DeFi companies". While this statement couldn't be easily verified, the deep level of understanding and the fact that the team was the first to tackle the problem of Uniswap v3 LP management shows that the team is quite capable of executing and knows the space very well.

Source:
https://medium.com/visorfinance/announcing-the-token-distribution-and-launch-of-visor-finance-22a84f5556e1

Score: 7

c) Does the team participate and help shape the public debate? (5 points)

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

Answer:

Yes, the team regularly publishes on twitter, telegram and reddit. While not all members are very active, at least their related account "Gamma Strategies" helps to shape public option about the nature of investing in Uniswap LPs and associated risks. As example is their popular post on "Short Gamma" Risk an LP position inherently has.

Their preferred place of interaction is their discord server. Especially the #support channel seems to be a place where one gets a fast response by the team.

Also, they have appeared on Youtube (e.g. https://www.youtube.com/watch?v=uHXbhOCAEc0) and explained the problem and their solution.

Score: 3

d) Is the team able to effectively attract and coordinate resources? (10 points)

How effective is the team at attracting and coordinating resources for the benefit of the protocol? Has the team raised sufficient funding or are there mechanisms in place to attract resources when needed?

Answer:

Yes, raised 3,69 million USD through selling 21% of the total supply of VISR tokens via Balancer LBP in March 2021. More than 1000 addresses participated in the sale.
Source: https://dune.xyz/balancerlabs/balancer-lbp?LBP=visor

In July 2021 they announced that they have completed a strategic fundraise led by 1confirmation, followed by Digital Currency Group, Blockchain Capital, 1kx, DeFi Alliance, Decentral Park, Electric Capital, Maven 11, Spartan, Tribe Capital, and GSR.

These funds represent top tier players in the industry and their backing will make it easier for Visor to attract follow-on investment if ever necessary.

The team has shown rapid progress and executed the launch and expansion of their main product very well. Thus, the team's ability to coordinate seems proven.
Source:
https://medium.com/visorfinance/visor-finance-raises-3-5m-in-funding-to-develop-the-next-phase-of-its-active-management-protocol-f0e7201f6a62

Score: 9

4. Governance

The Governance section evaluates how the protocol is governed and who the governors are. The different governance functionalities and processes are evaluated to determine to what extent the Protocol will be able to self-govern in a way that ensures the development of the protocols while respecting the needs of all current and future stakeholders.

a) Admin Keys (20 points)

Admin Keys allow some critical functionalities of a protocol to be controlled by an admin. This allows the developers to react to potential bugs, but also creates a risk as the developers could potentially misuse the admin keys to exploit the protocol. Does the protocol have admin keys and how are they managed?

Answer:

They have set up multiple Gnosis safes that hold a substantial amount of VISR tokens. These multisigs are managed by several admin keys:

0xF14c8b0aB465bd3D22D04495A8E25f75Da2ec16e
The admin keys belong to the following 4 accounts:

- 0xe50df7Cd9d64690A2683C07400eF9eD451C2aB31
- 0x25cB64Aa24f560A0719e92F4EBFf2876f0dA4267
- 0xB2f5Fa4CF77AdA58f6a38A7e6E81e69CAa5ba974
- 0x823015EF63D47A7353c19dfcF9B698049273ff0C

0xc5363667a1761b4e577d4e6fdf1f4097250f6621
- 0x06CB1BaC771838d291C52aab8148c64b7AF1938c
- 0x14099Cb11566Bf28779D73590734178eFfB45c1F
- 0xa16a706d84A087DbCDdE203087a20D6090C0deAa
- 0xdAb2E1c4A81ee255F2340CF9e2fF5923F7950148

0xc33e2d7cf5c8c45db3bab26a004e8a29580bb51a
- 0x14099Cb11566Bf28779D73590734178eFfB45c1F
- 0xa16a706d84A087DbCDdE203087a20D6090C0deAa
- 0xdAb2E1c4A81ee255F2340CF9e2fF5923F7950148

0xbbd449fb4a7e750f1974e3d2bc2f61621581d6d9
- 0x14099Cb11566Bf28779D73590734178eFfB45c1F
- 0x5bfCa76225d9bCBfe2Ec4A91C44Eb31FE08134EF
- 0xa16a706d84A087DbCDdE203087a20D6090C0deAa
- 0xdAb2E1c4A81ee255F2340CF9e2fF5923F7950148

They most certainly have learned their painful lesson, as a hacker stole tokens worth ~500k USD from an account that was controlled by a single team member's private key.
Source: https://visorfinance.medium.com/visor-beta-incident-report-1b2521b9266

Score: 9

b) Extent of Governance capabilities (15 points)
Distributed governance allows the token holders to participate in the governance of open finance protocols. How much influence does the governance mechanism have? Are the votes affecting on-chain changes or do they function solely as signals to the team?

Answer:

Governance is planned but not yet implemented. The team seems very open to suggestions on channels like Discord however.

Score: 3

c) Active Governance contributors (5 points)
Governance is a process that can be rather resource-intensive if executed well. To ensure good governance is practiced by the protocol, it's important to have a sufficient number of governors

allocate resources to the governance process of the protocol. How many individuals participate in the debate around the protocol? How active are voters?

Answer:
There is some debate ongoing in their Discord server, but no apparent channels are visible for simple members. The inner circle on Discord comprises of 10 people (4 admin + 6 "Visor OG").

Score: 1

d) Governance technology/infrastructure (10 points)

The Governance infrastructure relates to the technology, software, and models used by the protocol's governance. Does the protocol have a reliable and usable voting mechanism? Are there channels for governance debate? Is there sufficient documentation available?

Answer:

A snapshot space was set up but is not used so far. A transition to a DAO is a future scenario, but no concrete details have been published yet.

Source: https://snapshot.org/#/visor.eth

Score: 1

e) Robustness of Governance process (10 points)

This score requires documentation specifically on the governance process that sets the basic framework in terms of agreements, norms, and language for governing the protocol and to create social consensus. Does the protocol have a formal governance process? How robust is the governance process and does it promote good governance?

Answer: see section 2.b)

Score: 1

5. Regulatory

The Regulatory section describes the extent and quality of the regulatory environment that affects the Protocol. To be able to guarantee functionality, security, and legality the protocol should comply with regulatory requirements, or limit itself to facilitating services to users who are willing to operate outside of the traditional regulatory environment.

a) Does the protocol have any legal accountability? (15 points)

Does the protocol have any form of legal accountability? Can users and partners hold the protocol accountable in case of a breach of the agreement?

Answer: No information any legal entity behind Visor is publicly available.

Score: n/a

b) What is the quality of the legal jurisdiction? (10 points)

If the protocol has a legal entity, what is the quality of the jurisdiction the entity is established in? Will the jurisdiction be able to facilitate the legal framework for the protocol to expand while remaining accountable.

Answer: No information any legal entity behind Visor is publicly available.

Score: n/a

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	11 / 15
b) Market fit/demand	11 / 15
c) Target Market Size	5 / 10
d) Competitiveness within market sector(s)	7 / 10
e) Integrations & Partnerships	13 / 15
Total Points - Value Proposition	**49 / 65**
2. Tokeneconomics	**Points**
a) Is the token sufficiently distributed?	10 / 15
b) What is the extent of the token's capabilities?	7 / 10
c) Is the issuance model able to improve the coordination of the protocol?	7 / 10
d) Is the value capture model able to accrue and distribute value?	7 / 10
e) Is the token sufficiently liquid to enable active use and trade?	2 / 5
f) Are there any extrinsic productivity use cases?	4 / 10
Total Points - Tokenomics	**37 / 60**
3. Team	**Points**
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	11 / 15
b) Does the team have relevant experience?	7 / 10
c) Does the team participate and help shape the public debate?	3 / 5
d) Is the team able to effectively attract and coordinate resources?	9 / 10
Total Points - Team	**30 / 40**
4. Governance	**Points**
a) Admin Keys	9 / 20
b) Extent of Governance capabilities	3 / 15
c) Active Governance contributors	1 / 5
d) Governance infrastructure	1 /10
e) Robustness of Governance process	1 / 10
Total Points - Governance	**15 / 60**

5. Regulatory	Points
a) Does the protocol have any legal accountability?	n/a
b) What is the quality of the legal jurisdiction?	n/a
Total Points - Regulatory	**n/a**
Total	**133 / 225**

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