



Fundamental Report - Metaverse

Prime Fundamental Metaverse Report V1.1

Protocol: Splinterlands
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Scorecard

1. Value Proposition	Points
a) Novelty of the solution	7 / 15
b) Target market size	15 / 15
c) Product-market fit	9 / 15
Total Points - Value Proposition	31 / 45
2. Competitive moat	Points
a) Integrations & partnerships	7 / 10
b) Intellectual property	8 / 10
c) Infrastructure - security	9 / 10
d) Infrastructure - fees and ancillary infrastructure	8 / 10
e) Treasury management	3 / 10
Total Points - Value Proposition	35 / 50
3. Tokenomics	Points
a) Genesis token distribution	10 / 15
b) Purpose of the token	1 / 10
c) Ongoing token issuance / inflation	4 / 10
d) Value capture	8 / 10
e) Token liquidity	2 / 5



f) Extrinsic productivity	1 / 5
Total Points - Tokenomics	26 / 55
4. Team	Points
a) Credibility and reputation	9 / 10
b) Relevant experience	13 / 15
c) Thought leadership and public presence	1 / 10
d) Ability to foster a community and coordinate resources	13 / 15
Total Points - Team	36 / 50
5. Governance	Points
a) Extent of governance capabilities	1 / 10
b) Active governance contributors	0 / 5
c) Governance infrastructure	0 / 5
d) Robustness of the governance process	0 / 10
Total Points - Governance	1 / 30
Total	129 / 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	16 / 20
c) Utilisation of NFTs	15 / 15
Total Points - In-game economy	44 / 50
Total	173 / 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: [Splinterlands](#) is a play-to-earn collectible NFT trading card game built on the [hive](#) blockchain with the tokenized assets having the property of being able to be transferred to the [WAX blockchain](#) by way of the Splinterlands [WAX bridge](#). In Splinterlands, you can own your cards, earn for playing, trade as much as you want on the market with no gas costs and even lease out the cards you're not using. Splinterlands first began on the [Steem blockchain](#), then migrated to Hive in early 2020. It is regarded by most as the [number one play-to-earn game](#) in the blockchain space and currently has surpassed 2 billion [games](#) played.

Splinterlands makes use of two protocol tokens namely Splintershards (SPS) and Dark Energy Crystals (DEC). [Splintershards](#) (SPS) is the governance token integrated into the Splinterlands game in order to provide increasing levels of decision-making ability and control over the product to the player-base, asset owners, and other stakeholders. It is purchased using Splinterlands [credits](#). [Dark Energy Crystals](#) on the other hand is the main in-game currency of Splinterlands and is earned from ranked battles in Splinterlands. Though a free to play game, a player needs the [Summoner's Spellbook](#) upgrade to earn rewards and access all functionalities of Splinterlands. The one-time upgrade costs \$10.

The game was founded by blockchain innovators who shared a frustration with mainstream digital trading card games. The frustration is that when trading card games went digital, player ownership of their assets was lost along the way. The companies who actually own the cards that players are supposed to own themselves can withhold information, reprint cards as often as they'd like, or even completely delete a player's collection based on inactivity or a violation of terms.

Splinterlands has no innovation technically, building rather on the [hive](#) blockchain and so it doesn't score much in that regard. Organisationally, Splinterlands has a minor innovation. Though collectible trading card games have been in existence for [a long time](#), Splinterlands was one of the first protocols to bring true value to gamers by introducing the concept of earning into its ecosystem as well as enabling players to keep their cards digitally through NFTs, at a [time](#) where NFTs and the play-to-earn concept weren't so popular. This truly makes it a pioneer in the NFT trading card game niche. The protocol is awarded a 7 for this.

Score: 7

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:



The creators of Splinterlands sought to disrupt the traditional collectible card gaming industry. This industry cuts across a wide scope including online and offline gameplay types, all types of sports games (football, cricket, wrestling, cycling, etc.), all card types (image, autograph, etc. and non-sports games (Pokemon card, etc.).

This market was worth \$20.1 billion in [2021](#) and is expected to grow to \$131 billion by 2030. Some [analysts](#) also expect the market to be over \$27 billion by 2026.

Score: 15

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: According to [Peakmonsters](#) (Splinterlands official browser for checking real time metrics), the protocol currently averages 410k [players](#) per day with a daily average of 1.2k [people](#) signing up to play the game.

The protocol has a daily trading volume of [\\$1.2M](#) coming from [3.9 million](#) daily transactions ([120.4 million](#) monthly transactions) which indicates a high growth on both the buy and sell side of the SPS market. The protocol also averages 4209 [spell books](#) purchased per month and monthly in-game card purchases of [\\$3M](#).

These voluminous transactions should definitely reflect a higher value overall than the \$1.2M trading volume for the SPS. However, the drop in crypto prices since BTC and other crypto fell from their all time highs in October of 2021 could have played a major role in the reduction of the SPS price which has had a net effect on the total trading volume. Checks on [Coingecko](#) actually show a serious reduction in the price of SPS around this time. Another reason could also be that SPS isn't used as an in-game currency and so doesn't get enough price action from that side. All these are based on speculation though.

Overall, the protocol is targeting the right market because it is a pioneer in the collectible card gaming industry and the figures it is generating daily are impressive, but there is still more room for improvement due to the low trading volumes and the billion-dollar industry in which it is operating.

Score: 9

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 protocol has no vertical and horizontal integrations, rather building the game on the hive blockchain.

It has a number of partnerships:

- Splinterlands has a [partnership with Gala Games](#) to launch competitions/tournaments from time to time with a strong mission of playing to earn and giving back to players. Gala Games was founded with a strikingly similar play-to-earn vision by some of the same names that brought the world smash hits like Farmville, Zynga and Words with friends
- Splinterlands also has a [partnership with Brave](#), makers of the innovative Brave browser which combines privacy with the BAT (Basic Attention Token) blockchain-based digital advertising platform. According to the partnership, the Brave browser will be the official browser of Splinterlands. The companies will educate players about the many benefits that the Brave browser provides and strongly encourage that all players use it not only to play Splinterlands, but for all of their Web browsing needs. Additionally, Splinterlands will allow users to spend their BAT (Basic Attention Tokens) directly in the game to purchase credits, which can be used to buy booster packs and other items in the shop or to buy cards from other players on the market. Players using the Brave browser can opt in to view privacy-preserving ads and in turn be rewarded in BAT via Brave Rewards, which they can then redeem in Splinterlands
- Splinterlands again has a [partnership with Game Credits](#) to grow their communities together while helping usher in a new understanding and utility of blockchain technology in the online gaming sphere. The partnership also intends to revolutionize in-game purchases by allowing players to own their assets, give game developers a monetization option, and offer eSport tournaments with real prize pools and payouts.
- Splinterlands has a [partnership with NFT Horizon and ZenSports](#) to organise bi-weekly competitions for play-to-earn gamers as well as cup competitions where winners are awarded with prizes and NFTs, some of which are created by NFT Horizon themselves. NFT Horizon is a multimedia platform, tasked with informing the world about NFTs through articles and information about NFT drops. Their NFT collection can be seen on Atomic Hub. ZenSports is a crypto-focused sports betting and esports tournament hosting platform.
- The protocol has a [partnership with Yield Guild Games](#) (YGG), a well-known guild of play-to-earn gamers who work together to earn by playing NFT and blockchain games. Yield Guild Games has made a community-sized bulk purchase of in-game assets from Splinterlands. Additionally, YGG will provide ongoing efforts to onboard members of its community to Splinterlands, coordinated marketing releases with Splinterlands, and open invitations to Splinterlands' founders for YGG AMAs.
- LOAK, a digital merchandise company that empowers creators to develop exclusive NFT merch and connect with their global audiences [partnered with Splinterlands and American musician Waka Flocka Flame](#) to create an exclusive NFT drop. The NFT had dual-utility, acting as both a limited-edition playable card in Splinterlands, as well as a digital fashion piece that can be worn using Augmented Reality in Snapchat. When the Waka Spiritblade NFT is exported to an external wallet, such as a MetaMask wallet, the NFT will become a video of the wearable Waka Flocka headpiece, with a scannable QR code allowing the user to wear the Augmented Reality NFT in Snapchat! Users can wear the headpiece as an AR filter and share it across various social media platforms. The Waka Spiritblade NFT was released on February 24th, 2022 in the [Splinterlands store](#).
- Sheesha Finance has also [partnered with Splinterlands](#) to fuel mass adoption of blockchain-based gaming in order to disrupt the gaming industry paired with NFTs. Sheesha Finance is a decentralized DeFi Staking Platform allowing for



premium cryptocurrency portfolio diversification and rewards. Sheesha Finance rewards investors of any size, from small to large ticket holders, with unlimited DeFi tokens from a diversified portfolio of projects.

- The [biggest partnership](#) of Splinterlands might be this one. Music giant Warner Music Group (WMG) is partnering with Splinterlands to give artists signed to WMG the opportunity to create and develop play-to-earn games that involve the use of crypto tokens. Warner Music Group is a leader in the music industry. They are innovating the music industry to meet the standards set by Web 3.0 community members and look forward to new collaborations at the intersection of gaming, music, crypto, NFTs, defi, and blockchain.

With all these partnerships, it can be argued that the protocol has partnerships well-known inside and outside of crypto even though it has no integrations.

Score: 7

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: Being a pioneer in the NFT collectible card gaming industry, Splinterlands' ability to bring true value to gamers by first introducing the concept of earning into its ecosystem as well as enabling players to keep their cards digitally through NFTs, trading as much as they want on the market with no gas costs and even lease out the cards they're not using has enabled it to secure real-world intellectual property through [licensing deals](#) and partnerships with [traditional media and entertainment](#) brands such as Warner Music Group.

To further clarify the security of its IP, the protocol states in its [terms of service](#) that all Splinterlands materials are the copyrighted property of Splinterlands or its licensors, and all trademarks, service marks, and trade names contained in the Splinterlands Materials are proprietary to Splinterlands or its licensors.

Score: 8

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:



Splinterlands was built on the [Hive blockchain](#), which supports the development of L2 projects, and Splinterlands is currently the biggest project on the Hive blockchain. The Splinterlands ecosystem is large and multi-blockchain because it features [different tokens](#). Splinterlands has support for Ethereum (ETH), Tron (TRX), WAX, and BSC blockchains.

The [Hive blockchain](#) provides quick transaction speeds, with 3-second delay block validation providing the ability to support applications that need fast, resource-efficient transactions to achieve greater digital user adoption. Hive creates several protocols for developers and end users to have a pleasant experience when interacting with the blockchain, regardless of the number of users, ensuring scalability.

Security-wise there has been a lengthy history of operations with no meaningful security incidents.

Score: 9

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: On the Hive blockchain you can make fast transfers at no cost by having a small amount of tokens 'in stake' which thereby encourages the transfer of value between users of the blockchain. For Splinterlands, this stake comes in the form of the \$10 [Summoner's spellbook](#) paid one time and enough resource credits are provided to play Splinterlands. A verifiable transaction on the Hive blockchain is executed within 3 seconds.

Splinterlands has support for Ethereum (ETH), Tron (TRX), WAX, and BSC blockchains. Splinterlands lives on the Hive blockchain, but the tokenized assets of Splinterlands can be transferred to the WAX blockchain by way of the Splinterlands [WAX bridge](#).

Users can keep their funds using a [WAX wallet](#), [Metamask](#) or a [Tron Wallet](#).

Score: 8

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: According to the protocol's tokenomics 300M SPS tokens will be released into a [foundation/DAO fund](#) that is controlled entirely by the staked SPS token holders through the protocol's DAO. Once the DAO is live, token holders may submit proposals (by paying a small SPS fee) on how those tokens should be used, and, if the proposal is passed based on a vote of staked SPS token holders, then the tokens will be distributed accordingly.



Some examples of how foundation funds may be used are below, however it is ultimately completely up to the staked SPS token holders to decide and these are merely examples and suggestions.

- Providing Liquidity: Token holders may vote to use some foundation tokens to provide liquidity for the token paired with other popular tokens on third-party markets such as Uniswap, PancakeSwap or Hive Engine.
- Funding Third-Party Development: Token holders may vote to use some foundation tokens to fund third-party development of tools and/or services that are expected to add value to the Splinterlands ecosystem, for example third-party markets, automation tools, bridges/integrations to other blockchain platforms, etc.
- Paying for Services: Token holders may vote to use some foundation tokens to pay for certain services that are expected to add value to the ecosystem, for example exchange listings or marketing and promotional services.
- Investing: Token holders may vote to use some foundation tokens to invest in other assets or tokens (whether related to Splinterlands or not) in order to earn returns and other rewards to help the foundation sustain itself going forward after the initial tokens are all distributed.
- Staking: Token holders may vote to use some foundation tokens to stake within the game (more details on staking in the Staking & Earning section) and earn returns and other rewards to help the foundation sustain itself going forward after the initial tokens are all distributed.

Clearly the protocol has considered how to manage their treasury, but for now, these are all future speculations. Currently, its treasury isn't diversified, nor does a reserve of alternative assets exist. As it stands now, the treasury remains primarily exposed to a single token. The protocol is awarded a 3 instead of a 1 because it has documented plans of diversification.

Score: 3

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?

Answer:

According to the protocol's tokenomics, SPS tokens are issued in a predetermined schedule which will last for approximately 65 months from the date that the token was first released.

The maximum [total supply](#) of SPS tokens is 3,000,000,000. The protocol has allocated them as follows:



Source	Tokens	% of Total	Release Schedule
Airdrop	400,000,000	13.33%	Issued over 12 months
Foundation / DAO	300,000,000	10.00%	Issued over 65 months
Private Sale	200,000,000	6.66%	Unlocked over 10 months
Team	270,000,000	9.00%	Unlocked over 65 months
Partners / Advisors	30,000,000	1.00%	Unlocked over 24 months
Play to Earn	900,000,000	30.00%	Issued over 65 months
Staking / LP / Oracle Rewards	900,000,000	30.00%	Issued over 65 months
Total Amount	3,000,000,000	100%	

The primary goal of the token is to reward Splinterlands players and asset holders, which is why 13.33% of the total token supply went towards an [airdrop](#) which was conducted over a 12 month period to holders of nearly all types of Splinterlands assets.

10% of the total token supply has been put into a foundation which will be controlled exclusively by the DAO.

6.66% was offered directly in a [private sale](#) to a select group of advisors and influencers who helped promote both the token and the Splinterlands product to their audiences and networks and generally helped ensure that the project was successful.

9% of the total token supply was reserved for the Splinterlands team while 1% of the token supply was reserved for partners and advisors to the project who worked with the SPS token team and assisted or provided advice on all areas of the project as well as helped to market and promote the project.

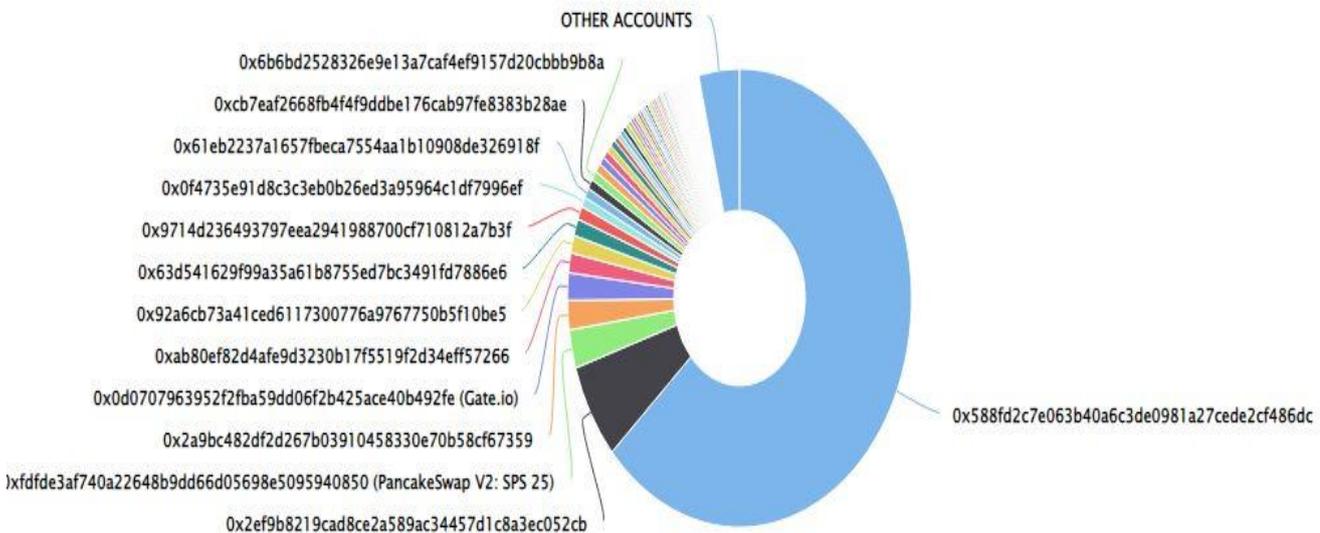
The remaining 60% of the total token supply is dedicated towards rewarding players, SPS holders, liquidity providers, and oracles. These tokens will be released on a fixed schedule over the 65 month period and go into separate pools for the various different areas to be rewarded. New SPS tokens will initially be [added to the various reward pools](#) at a rate of 37,500,000 tokens per month and will decrease uniformly across all reward pools at a rate of 1% per month, meaning that after one year the monthly contribution rate to the reward pools will drop to 33,239,400 and after 5 years it will have dropped to 20,518,400 SPS per month. These rewards will end after 65 months and at that point no more SPS tokens will be created.

With this distribution mechanism in place, there are currently 489.8M SPS tokens (16.3%) in [circulation](#) with 45,883 [holder](#) addresses and the top 100 holders collectively owning 96%, quite a concentrated distribution. The SPS contracts are also on the BSC chain.



Splintershards Top 100 Token Holders

Source: BscScan.com



The largest holder addresses were identified as follows

- Play to earn rewards - [465.4M](#) SPS (63.8%)
- Oracle rewards - [49.2M](#) SPS (6.7%)
- Foundation or DAO - [17.9M](#) SPS (2.4%)
- Team - [13.7M](#) SPS (1.9%)
- Private Sale - [11.1M](#) SPS (1.5%)
- Partners and advisors - [6M](#) SPS (0.8%)

Exchange addresses also accounted for

- Pancakeswap - [20.1M](#) SPS (2.8%)
- Gate.io - [13.5M](#) (1.9%)

This adds up to a total of 596.9M (81.8%) of the tokens in circulation. The rest belong to ordinary holder addresses.

With the various tokens in circulation the individual percentages of the original amounts currently in circulation are

- Play to earn rewards: 51.9% of the original 900M allocated is in circulation following its issuance over 65 months.
- Oracle rewards: 5.9% of the original 900M SPS allocated is currently in circulation following gradual issuance over 65 months
- Foundation or DAO: 6% of the 300M SPS allocation has been allocated to the DAO treasury following its issuance over 65 months
- Team: The team has currently received 5.1% of the 270M SPS allocated following its gradual unlock over 65 months
- Private sale: 5.6% of the 200M allocated has been issued for private sale following its gradual 10-month unlock
- Partners and advisors: Partners/Advisors have been issued 20% of their 30M allocation following the gradual unlock over 24 months.

DEC

The DEC contracts are on two different blockchains namely BSC chain and Tron.

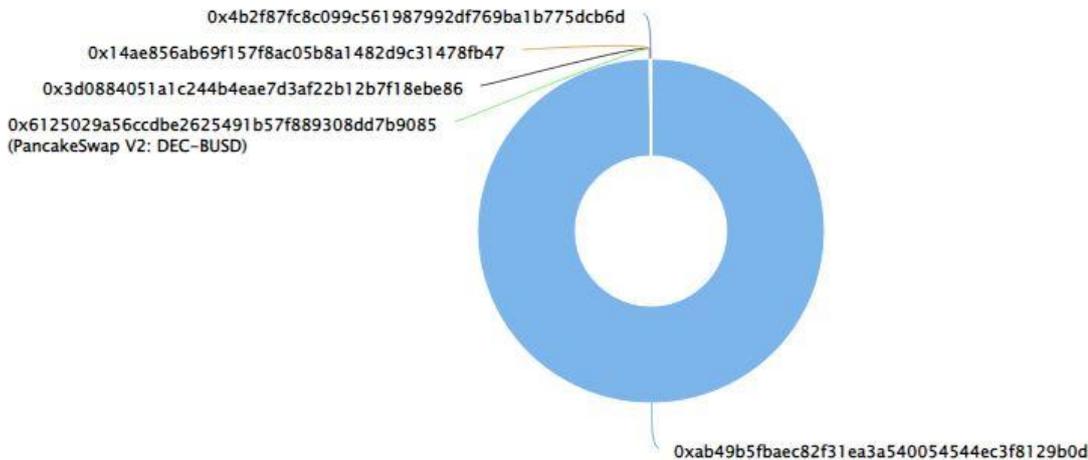


[BSC smartchain](#)

The BSC chain has a supply of 1 trillion with 23,106 holders. The top [100 holders](#) control 99.9% of the tokens, quite a concentrated distribution

DarkEnergyCrystals Top 100 Token Holders

Source: BscScan.com

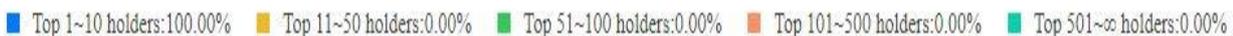


- The largest address [holder](#) accounts for 99.9% (998.9 billion) of DEC tokens. This is actually a contract address for supplying the daily reward pool with DEC that can be earned from ranked battles.
- The exchange address here, Pancakeswap - [218.6M](#) (0.02%) and [7.1M](#) (0.0007%), just accounts for a mere 0.0207% of the tokens while the rest belong to ordinary game players.

[Tron](#)

The Tron chain also has a supply of 1 trillion with 10,136 [holders](#). The top [100 holders](#) control 99.9% of the tokens which is also a concentrated distribution. The chart showing the distribution is shown below

Asset Breakdown by Holders



- The [largest holder address](#) here is surprisingly an ordinary user address with 99.9% of the DEC tokens and several other assets in different tokens that couldn't be identified.
- There is also a smart contract [address](#) for buying and selling tokens. This address is worth 262.9k TRX but has only 1.8M DEC which accounts for a mere 0.0002% of all the DEC in circulation. The remaining DEC belong to ordinary user addresses.

Following the SPS distribution, it can be seen that a large percentage (70.5%) of the tokens has directly been issued into the hands of the community which is very significant. The token is being distributed gradually over a long term period to the various stakeholders to ensure commitment. The distribution is fair and in line with industry standards and everyone benefits from it. The only problem is with the DEC allocation on the Tron chain heavily skewed towards a single address which cannot be traced to any of the protocol's contract addresses. This is very questionable



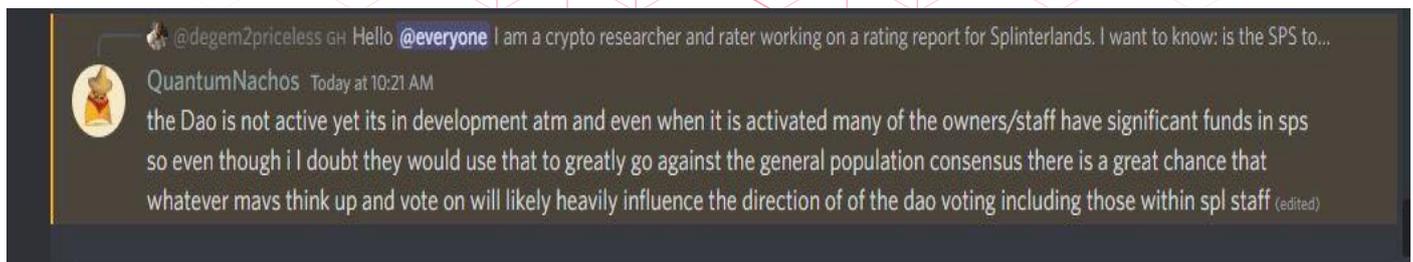
although it doesn't really have any impact on gameplay nor does it affect the SPS being distributed. The protocol should have scored at least a 12 here but will be scored a 10 because of this.

Score: 10

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: When the Splinterlands DAO which will be 100% controlled by the community of token holders [goes live](#), the token will have effective utility. For now holders don't have governance rights yet. This is further confirmed by an admin in the protocol's discord



The token's only other utilities are that

- it can be staked on players to [earn more SPS](#) rewards based on the player's performance
- It can be swapped on [Tribal DEX](#) for SPS credits which are used for in-game purchases

These are still limited use cases regardless.

Score: 1



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: The SPS token issuance and the in-game DEC issuance are designed to benefit all players.

The SPS token which exists mainly for governance will initially be added to various [reward pools](#) at a rate of 37,500,000 tokens per month and will decrease uniformly across all reward pools at a rate of 1% per month, meaning that after one year the monthly contribution rate to the reward pools will drop to 33,239,400 and after 5 years it will have dropped to 20,518,400 SPS per month. These rewards will end after 65 months and at that point no more SPS tokens will be created.

The in-game token, Dark Energy Crystal (DEC), benefits players, incentivises them and improves the coordination of the protocol. All collectible cards are [backed by](#) a certain amount of DEC. When burned, those DEC are awarded to the player. The primary means of distributing Dark Energy Crystals is through play-to-earn rewards. Players win DEC every time they win a ranked battle.

Now because so many DEC are always entering the supply through play-to-earn rewards and the backing of cards, there are also ways for DEC to be burned from supply to regulate the balance, which is a necessary inflation control and also quite justifiable. To do this:

- Only DEC may be used to purchase packs from the current miniset of cards available through the Splinterlands shop. Instead of counting toward Splinterlands revenue, these DEC are burned from the supply.
- Members of guilds must continually contribute Dark Energy Crystals to their guild halls and arenas in order to level it up, earning greater bonuses and play-to-earn rewards. These DEC are burned from the total supply.
- Limited edition Splinterlands skins are currently only available for DEC purchase. All DEC used are burned from supply.
- All DEC spent on potions, which increase rarity drop chances when opening booster packs or the number of loot chests received with completion of a daily quest, is burned from supply.

It is also important to know that [only purchasers](#) of the summoners spellbook are eligible for rewards and access to all the game's functionalities.

The issuance model is reasonable because SPS and DEC distribution on the BSC chain aren't skewed towards a small sect of people. SPS is distributed gradually over a 5-year period across different reward pools for all players to have access to it. With the DEC issuance, the more battles you win, the more your DEC supply and vice versa. What doesn't make it ideal is the fact that players won't earn equal amounts of SPS and DEC but better fighters will.

Also, it was mentioned earlier that the Tron chain showed a large quantity of DEC skewed towards a single unidentified address which couldn't be traced to any of the protocol's contract addresses. This further causes disproportionate benefits. The protocol scores a 4 here because of this.

Score: 4



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: The token has an effective capture and distribution mechanism. Value is accrued and distributed in 2 ways: earning from staking SPS on players and earning from in-game DEC

1. Staked SPS tokens can be staked on a particular player which will allow both the SPS holder and the player to earn rewards based on the player's performance. SPS holders may stake their SPS on themselves and/or other players and they may spread their stake among any number of different players that they choose. After every ranked battle, a number of reward shares will be calculated for the winner based on the winner's ranked ladder rating. The final reward shares value will then be divided by the total number of reward shares earned by the winners of all ranked battles in the last 24 hours to determine the percent of both reward pools that will be allocated for that battle. The system is designed such that the more SPS tokens that are staked on a player, the more rewards the player and the holders of the SPS tokens staked on them will earn in total, but with diminishing returns.

The table below shows some sample earnings calculations for rewards. Please note that the numbers in the sample are based on a very early and rough simulation and the actual numbers seen in the game may vary significantly.

Rating	SPS Staked	Return / SPS / Year	Max Return / Year (1 SPS Staked)
500	1,000	5.58%	5.64%
1,000	10,000	20.51%	22.54%
2,000	100,000	45.13%	90.17%
3,000	300,000	50.77%	202.89%
4,000	600,000	51.58%	360.70%

2. DEC is obtained by simply playing the game and winning battles. The amount of DEC won in a battle is dependent on several factors:

- League of Play: The greater your league, the greater your earnings
- Cards Used: Depending on the type of card used, a player can earn a bonus of 10%. Also, all collectible cards are [backed by](#) a certain amount of DEC. When burned, those DEC are awarded to the player
- Win Streak: When in a win streak, a 5% DEC bonus is awarded.
- Guild Bonuses: Depending on the level of your Guild's Quest Lodge, you can earn a bonus of up to 20%.
- DEC Capture Rate: Maximum DEC can be earned with a capture rate of 100%
- Number of Players Playing: When fewer players battle the greater your reward

The daily reward pool for DEC that can be earned in Ranked Battles is 1 million DEC per day. This reward pool fluctuates based on the current market value of DEC. Now [1000 DEC = \\$1](#).

When the value of DEC drops below the intended value of 1000 DEC = \$1, the reward pool is automatically reduced. The amount of reduction is proportional to the amount that DEC has deviated from its intended value.



PrimeRating

When the value of DEC rises above the intended value of 1000 DEC = \$1, the reward pool is automatically increased. The amount of the increase is proportional to the amount that DEC has deviated from its intended value.

All DEC earned can then be [swapped on Tribal DEX](#) for SPS or vice versa.

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 has sufficient liquidity but its availability on [DEXes and CEXes](#) isn't a wide one.

Score: 2

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: The SPS token has no extrinsic token outside the protocol's ecosystem. The DEC can however be used to provide liquidity on [TribalDEX](#) on the Hive blockchain, [Cube DeFi](#) on the Binance Smart Chain and [Uniswap](#). It is still a very limited extrinsic use case regardless.

Score: 1

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?



PrimeRating

Answer: The identities of the core team are very much public and credible.

The core team members are:

- [Matthew Rosen](#): Co-founder and CTO
- [Jesse Reich](#): Founder and CEO

The other team members are:

- [Richard Adleta](#): Chief technology officer
- [Alycia Marino](#): VP of product design
- [Dennis G.](#): Chief operating officer
- [Bob Binion](#): Head of engineering
- [Liam Labistour](#): Head of growth and engineering
- [Joseph Shimerdla](#): Narrative lead at Splinterlands
- [Sarah Nguyen](#): Events (DYGCON) coordinator
- [Jon Monahan](#): VP of sales

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: The team is highly skilled with a reputable track record. Their experiences and skill sets are listed below.

- [Matthew Rosen](#): He worked as the director of digital product development for [OTG Management](#) (2015-2018), was the lead developer working on rewards based gaming for [RockYou](#) (2012-2015), worked as the senior software engineer and lead developer for [Ryzing Gaming](#) (2010-2012) and the director of development for Orbius (2008-2011). His [skill sets](#) include software development, software engineering, MS SQL server, web applications, webservices, CSS and software design.
- [Sarah Nguyen](#): She was the [founder](#) of CSULB Esports and Gaming Association (2013-2014). She is also the community manager of [Gamerjib](#), a metaverse and events platform, the CMO and community manager of the [United States Esports Association](#) and the co-founder of [Art Chops](#), a platform for providing support for creators in the games, esports and content creation industry. Her [skills](#) include cross-functional work environment, customer relationship management, adobe photoshop, slack, project management and program development.
- [Richard Adleta](#): He was the lead and solutions architect for [Nexxt, Inc.](#) (2011-2021) developing and designing new web applications, was the [solutions architect](#) for Project Management Institute (2008-2011) and a senior .NET developer for [ATK](#). His [skill sets](#) include Scrum, software development, web services, HTML, ASP.NET, Javascript, databases, and CSS.



- [Alycia Marino](#): She was the UX strategist and designer for [Vanguard](#) (2019-2022), art director and UX designer for [Nexxt, Inc.](#) (2010-2019), art director for [M&M Associates](#) (2003-2010) and a designer for [Modern Visuals Communication](#) (2002-2003). Her [skills](#) include creative design, user experience, usability testing, digital marketing, graphic design, brand development and marketing.

- [Bob Binion](#): He worked as the software and technology consultant for [Phenom People](#) (2020-2021) and [Bob Binion Consulting, LLC](#) (2020-present), was the VP of analytics and architecture at [Monetate, Inc](#) and also the [ThingWorx](#) chief architect and software development SVP of [PTC](#). His [skills](#) include web services, DevOps, Scrum, Java, agile methodologies, software design, cloud computing and linux.

- [Liam Labistour](#): He was the growth marketing manager/specialist and digital marketing manager for video maker software company [Lumen5](#) (2020-2021), was in charge of growth marketing at [Kobalt.io](#) (2021) and a digital marketing analyst for [BuildDirect Technologies](#) (2016-2019). His [skills](#) include digital marketing, SEO, social media marketing and brand management.

- [Jesse Reich](#): He has a track record of [execution](#), even founding [Baystate Biofuels, LLC](#), and presiding as its CEO but other than Splinterlands, his past experiences don't align with gaming. His record does show he is good at managing companies and people. His [skill sets](#) include customer engagement and retention, strategic planning, data analysis, customer insight, management and marketing

According to the protocol's [roadmap](#), targets set for the first and second quarter of 2022 include:

- *A wild and modern phase (backend code, front-end code, ability to play tournaments)*. This target clearly falls within the skill sets of Matthew and Richard. It is 70% [complete](#) and with the experience of these team members one can say it could be completed in a few months.
- *Non-card market (back and front-end code, UI and UX design, artwork)*. This is within the expertise of Alycia, Richard and Bob
- *Ranked rewards (economy rewards, Hshare calculation, back and front-end code, UI/UX design)*. This falls within the skill sets of Bob, Matthew, Alycia and Richard
- *Rift watchers (card designs & art, character art, shop page)*. Liam and Sarah can handle this well.
- *Land Phase 1 (view land deed on map, convert land deed to claim, buy sell & transfer land deed)*. Alycia, Bob and Dennis will probably work on this one.

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 team members' participation in the public debate around the metaverse is rather obscure and not too open. Instead of generally open presentations, talks and opinions outside of the protocol, the team members prefer giving their contributions in the form of AMAs in a "[Town Hall](#)" in their discord. Here, they take questions weekly from their



users and also talk generally about gamefi and how splinterlands is going to impact it in the future. Some videos on [youtube](#) show these AMAs from their town hall.

Score: 1

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: The team does marvellously well here.

In terms of monetary resources;

- The protocol raised [\\$3.6 million](#) from an ICO in 2021 which has gone towards improving and coordinating the protocol.
- The protocol also raised undisclosed amounts of money from a [seed and funding](#) round in 2019 and 2020 respectively.

In terms of human resources, managing the community and representing the protocol well externally;

- Splinterlands is the proud creator of [DYGCON](#). [DYGCON](#) is a fully immersive and interactive virtual space built for real connection! Much like a real-life conference or event, your avatar can wander through rooms, hold private meetings, learn from exciting interactive presentations, even get a drink at the bar, change your avatar, fish, roast marshmallows and more. It is held [bi-monthly](#) and the next one is in May 2022.
- Splinterlands is free to play, meaning anyone around the world can actually be integrated into their community without any knowledge in blockchain or the metaverse whatsoever.
- Splinterlands regularly organises [giveaways](#) for new players which actually encourages word of mouth marketing to draw more users to the community since they also recommend it to their friends.
- In the protocol's [discord](#) there is a fan-art channel. There are free gifs, logos, dividers and different forms of art. The protocol states that these are free for players/users to use on their posts to encourage organic promotion on different social media platforms.
- Splinterlands regularly organises [tournaments](#) to strengthen their community, attract new players and also reward the best playing gamers.
- There's actually a [community-built Wiki](#) where both new and old players can search for all terms pertaining to the Splinterlands game to make gaming easy
- Splinterlands' [Guilds](#) actually offer recruitment opportunities for players in the protocol's [discord](#) while players can also [rent](#) their cards to other players. This is akin to a job creation ecosystem and serves as a source of employment for some of them.



- The protocol has an official blogging platform called [Splintertalk.io](https://splintertalk.io), where the content is 100% Splinterlands related. Creators and curators there receive payouts in the Splintertalk (SPT) token, the 2nd layer blogging reward token of Splinterlands.
- Splinterlands has been translated into more than a [dozen languages](#) including Chinese, Polish and Korean to make it accessible to more people.

Score: 13

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: Splinterlands DAO is yet to [go live](#) so for now the team makes decisions on behalf of the protocol. The community's influence at the moment is mainly driving more users to the protocol and maintaining gameplay.

Score: 1

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: There aren't any voters at the moment.

Score: 0



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: There's no voting mechanism because the DAO hasn't gone live.

Score: 0

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: The protocol is yet to implement any form of governance. Should governance go live, discord might probably be the channel for debate

Score: 0

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: Splinterlands is very easy to play. It is available on [PC](#) (browser) and [mobile](#) and is free for all. Users can pay the \$10 Summoner's Spellbook fee to unlock all the game's functionalities and earn rewards. The fee [can be paid](#) through Crypto (BTC, ETH, BNB, LTC etc), gift cards/promo codes and Visa/Mastercard. However, if users want to simply play for fun, they can ignore that fee.

Players simply have to win battles every day to earn the in-game token DEC which can be [traded](#) for other cryptocurrencies. There's a [community-built Wiki](#) where both new and old players can search for all terms pertaining



to the Splinterlands game to make gaming easy. Furthermore, Splinterlands has been translated into more than a [dozen languages](#) to make it accessible to more people.

The protocol scores a high mark here because a solution for a fiat on-ramp exists with dedicated [materials](#) for new users on how to onboard funds, adapt to gameplay easily and also access the game via different media (PC and mobile). Again, other than the \$10 spellbook charge needed to unlock the whole game, the game is free to play.

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: The system is designed to be self-regulating and the game economy is balanced regardless of user count, but because the DAO is yet to go live, it still requires optimal input from the team.

The sustainability is dependent on an interrelation between SPS and DEC. Players can decide to play to earn or stake to earn.

First of all, SPS tokens can be staked on a particular player which will allow both the SPS holder and the player to earn rewards based on the player's performance. SPS holders may stake their SPS on themselves and/or other players and they may spread their stake among any number of different players that they choose. After every ranked battle, a number of reward shares will be calculated for the winner based on the winner's ranked ladder rating.

Secondly and as mentioned earlier, all collectible cards are [backed by](#) a certain amount of DEC. When burned, those DEC are awarded to the player. DEC earned by players can then be swapped on [Tribal DEX](#)

The daily reward pool for DEC that can be earned in Ranked Battles is 1 million DEC per day.

This reward pool fluctuates based on the current market value of DEC. When the value of DEC drops below the intended [value](#) of 1000 DEC = \$1, the reward pool is automatically reduced. The amount of reduction is proportional to the amount that DEC has deviated from its intended value. When the value of DEC rises above the intended value of 1000 DEC = \$1, the reward pool is automatically increased. The amount of the increase is proportional to the amount that DEC has deviated from its intended value.

Because so many DEC are always entering the supply through play-to-earn rewards and the backing of cards, there are also ways for DEC to be burned from supply to regulate the balance, which is a necessary inflation control which include

- Only DEC may be used to purchase packs from the current mini-set of cards available through the Splinterlands shop. Instead of counting toward Splinterlands revenue, these DEC are burned from the supply.
- Members of guilds must continually contribute Dark Energy Crystals to their guild halls and arenas in order to level it up, earning greater bonuses and play-to-earn rewards. These DEC are burned from the total supply.
- Limited edition Splinterlands skins are currently only available for DEC purchase. All DEC used are burned from supply.



- All DEC spent on potions, which increase rarity drop chances when opening booster packs or the number of loot chests received with completion of a daily quest, is burned from supply.

It can be seen that the protocol has infused enough mechanisms to ensure proper supply and demand of the in-game currency in order to make the game balanced regardless of user count. It has also been designed such that players can earn from playing and non-players can earn from staking. Continued player growth isn't necessarily required to sustain this. The protocol doesn't score the full mark here because the core team still steps in occasionally to [make changes](#) when needed.

Score: 16

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: Being a collectible card game, every single card NFT asset in Splinterlands is owned by players and can be [traded](#) as well.

Score: 15

About the Author: [Degem2priceless](#). I am a crypto and web 3 researcher and enthusiast looking forward to gaining experience as a rater with DAOs and making a full time living off cryptocurrencies.