



## Fundamental Report - Metaverse

Prime Rating Report V1.1

**Protocol:** Ultra  
**Category:** Platform  
**Version:** 1  
**Date:** 16/03/2022  
**Previous Report:** N/A

**Author:** Dark Forest Capital  
**Reviewed by:** Verto  
**Season/competition:** N/A

## Scorecard

1. Value Proposition	Points
a) Novelty of the solution	8 / 15
b) Target market size	14 / 15
c) Product-market fit	7 / 15
<b>Total Points - Value Proposition</b>	<b>29 / 45</b>
2. Competitive moat	Points
a) Integrations & partnerships	6 / 10
b) Intellectual property	6 / 10
c) Infrastructure - security	4 / 10
d) Infrastructure - fees and ancillary infrastructure	8 / 10
e) Treasury management	0 / 10
<b>Total Points - Value Proposition</b>	<b>24 / 50</b>
3. Tokenomics	Points
a) Genesis token distribution	5 / 15
b) Purpose of the token	4 / 10
c) Ongoing token issuance / inflation	5 / 10
d) Value capture	0 / 10
e) Token liquidity	4 / 5
f) Extrinsic productivity	1 / 5
<b>Total Points - Tokenomics</b>	<b>19 / 55</b>



4. Team	Points
a) Credibility and reputation	8 / 10
b) Relevant experience	9 / 15
c) Thought leadership and public presence	7 / 10
d) Ability to foster a community and coordinate resources	13 / 15
<b>Total Points - Team</b>	<b>37 / 50</b>
5. Governance	Points
a) Extent of governance capabilities	1 / 10
b) Active governance contributors	0 / 5
c) Governance infrastructure	6 / 5
d) Robustness of the governance process	0 / 10
<b>Total Points - Governance</b>	<b>7 / 30</b>
<b>Total</b>	<b>116 / 230</b>

# 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:** What Ultra is building is multifaceted, so when considered as one solution it is fairly novel. Think of the gaming marketplace Steam but participation is sewn together by the underlying blockchain and the token ecosystem.

Covering the innovations in more detail, Ultra claims to have developed the following (all from the [whitepaper](#)):

Content distribution - updates, downloads, error handling. Ultra has a suite of features for maintenance that have been used by the likes of Bethesda and Riot Games for nearly a decade.

Overlay - the tech to inject any kind of UI into a game.

Advertising Technology - Serving a reported 33bn adverts/day, Ultra can offer targeted rich media to users, but still allow the users themselves to have control over their data (more on this later).

Mobile - a companion app for Ultra games.

Ultra Protocol - the most interesting part as far as this review is concerned, the ability to offer all of the above as part of a crypto-economic ecosystem, all built on top of a blockchain (in this case, a fork of EOS).



In terms of the blockchain infrastructure they also created a [new standard for NFTs](#) that essentially allows businesses to easily create rare digital items, but users don't need to trust the business will not mint any more than specified, as the contracts won't allow it.

There is a big caveat to all this, without seeing the developments in action (games are in closed beta, mobile and marketplace not available), the score for this section will be limited as claims remain just that until they can be tested.

**Score: 8**

### 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:** Indeed the gaming industry was worth around [\\$176bn in 2021](#), according to NewZoo. It's predicted to climb from there to [\\$269bn by 2025](#). Meanwhile crypto specific gaming continues to make up >50% of all blockchain transactions according to [dAPPRadar](#). Game related interactions overtook DeFi back in August and haven't looked back since, that is with Axie Infinity as pretty much the only blockbuster game, and a handful of rudimentary competitors. Look at any metrics - [Discord members](#), subscribers to NFT game streamers, or even the [size of funding rounds](#) - and it's clear this sector is growing extremely quickly.

If we take Ultra's own figures, they credited the likes of Steam with the 12% year on year (YoY) growth of the PC gaming market up to 2017. At that point (when the whitepaper was written) the sector was worth \$32bn. In 2020, [according to Statista](#), that had grown to \$42.4bn. With the future rollout of Ultra GO providing mobile games/extension of existing games, they are not just limited to PC gamers either. If we refer back to Newzoo and their [latest figures](#), by covering PC and mobile gaming, Ultra are setting themselves up to capture a good 2/3rds of the total gaming market. The effort to abstract away the crypto aspect also helps to reduce the friction that can come from setting up a wallet, and even gets away from the negative connotations gamers currently apply to NFTs/crypto gaming. In summary, Ultra is exposed to a large target market with significant growth potential.

**Score: 14**

### 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:** As mentioned above, Ultra is certainly playing in the right sandbox. With PC and mobile gaming they are targeting >66% of players in the gaming market. The question then becomes, can they land the partners and titles that will draw these players into the Ultra ecosystem.

With Ultra Games still in closed beta, and no public confirmation of the 'AAA' titles they acquired, it's not possible to say for sure. The closest possible proxy might be the Theta.tv streaming service which comes embedded within the Ultra platform (the two projects will partner to embed Theta streaming to Ultra games). Theta was apparently seeing 1 million monthly active users (MAUs) [midway through 2021](#), but it is hard to find more recent or live data. Anecdotally, logging on to the service at the time of writing, there were multiple streams with 10-100 viewers but nothing more than



that. For comparison, Twitch.tv services 140 million MAUs. It's safe to say that whatever Ultra may be planning, they haven't shown anything as yet that promises to capture huge numbers.

If we focus purely on [the roadmap](#) and the strategy put forward by the team, it is certainly clear. As of January '22 they had confirmed a digital asset marketplace, continued rollout of games (including those 'AAA' titles), a wallet update and a mobile app, among other things.

**Score: 7**

## 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:** Ultra have worked to improve the services they offer in their wallet client to make it more of a hub for users, simplifying the experience of interacting with a blockchain and offering varied services. Their most public integration to-date has been to [include Theta.tv's streaming service](#) into their native platform, an important move for the project looking to become a one-stop shop for gamers.

In the background they are also [using p.network](#) for cross-chain swaps. This was implemented when Ultra Mainnet went live, allowing users to bridge their ERC-20 UOS tokens to the Ultra blockchain.

Finally, by integrating with [Simplex](#) and [Shopping.io](#), Ultra users are able to buy UOS tokens with a credit card, and spend UOS when shopping at the likes of Amazon and Walmart (with 2% discount). This eliminates the difficulty of setting up exchange or chain-native wallets, and abstracts away any complexity associated with obtaining and spending the UOS token.

With the plan to build out an NFT marketplace, plus all the games that are due to arrive (covered in next section), it's easy to see that Ultra is leveraging integrations to make their ecosystem one that a user never has to leave. By giving the UOS token more utility without adding complexity through these integrations, they further the likelihood that users will not need to venture elsewhere.

**Score: 6**

### 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:** Since rolling out 'phase 2' of their early access beta to the gaming ecosystem in November, Ultra has been piling on the partnerships. This includes teaming up with [Microids](#), [Digerati](#) and [Skybound Entertainment](#) (The Walking Dead series). Most recently, Ultra announced a partnership with [Hatinh Interactive](#), an Indie game publisher. With just this selection Ultra has secured a wide range of games including well known IP, existing and new releases, covering side-scrollers to RPGs and everything in-between. They are building out a decent bank of IP but nothing blockbuster just yet.

**Score:** 6

### 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:** Ultra is built using EOSIO blockchain architecture, with [some features tweaked](#) specifically to their application. With respect to security, they "*removed the [EOSIO] Block Producers voting mechanism and manually designated our first BPs including well-known actors of the video game and blockchain industries such as Ubisoft, Bitfinex, EOS NY and EOS Rio.*" Just prior to launching on mainnet, they announced [adding a further 2 BPs](#) bringing the total to 7.

Understandably, Ultra requires high performance to function as a blockchain for gaming. They have chosen to sacrifice decentralisation of the network to achieve this, which has a knock-on to security as the set of block producers is small. EOS, the chain on which Ultra is based, demonstrated this when [2.09m EOS tokens were stolen](#) back in 2019 because 1 of the 21 BPs failed to maintain an updated blacklist. Ultra itself has not seen any security incidents and has been live on mainnet for almost a year.

**Score:** 4

### 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:** There is a daily cap on free transactions, but otherwise there is [no need to hold UOS tokens](#) to transact on chain up to that point. When the network is congested, priority is given to those staking UOS via 'Ultra Power' and execution is still guaranteed in under 0.5 seconds.

With the aforementioned p.network bridge in operation within the wallet client, bridging between Ethereum and Ultra is simple. Overall the wallet client provides a clean interface which makes operating within the Ultra ecosystem straightforward, even for new users.

**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:** Treasury information is not publicly available..

**Score:** 0

## 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:** The initial distribution of UOS can be found [here](#). It reflects the way Ultra is run in that the team has control over almost the entire supply, with only 22% available publicly via a 10% exchange offering, and 12% for exchanges to manage liquidity post-launch. The remaining 78% either went to private sales (9.54%) or remains with the team, who will allocate to growth/marketing/content acquisition.

In terms of lockups and vesting, the team were subject to a 1 year lockup followed by an 18 month vesting period. This is relatively short for a project in crypto, and given the token was launched in summer 2019, the tokens are all fully vested by now.

With trust in how the tokens will be spent residing with the core team, plus the aggressive unlock schedule, it's tough to see how UOS could claim the tokenomics align incentives across stakeholders outside of themselves.

**Score:** 5

### 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:** The [main function of UOS](#) is to allow users to transact when the chain is running at max capacity. This is achieved by making it so that *"the more Ultra Power one has, the faster one's transaction gets executed."* Ultra power is achieved by staking UOS, the more you stake the higher your power. This is reduced as you transact, but resets every 24hrs. Furthermore, there is an option for businesses building on Ultra to 'sponsor' transactions. For example, a game developer might purchase and stake UOS to allow players of their game to continue transacting for free beyond what they could achieve alone. One major benefit of this, it can be targeted using NFTs or specific contracts belonging to that game.



As for further utility, there are no governance rights associated with the token. As mentioned earlier, it is possible to shop using the UOS token and it also has a central place in the ecosystem as a medium of exchange. It can be used for game/item purchases, ads services, incentives, p2p payments, referral rewards, NFTs and to mine other crypto assets.

**Score:** 4

### 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:** At this point all UOS tokens have vested and any that were sold publicly are in circulation. Any further inflation comes from block producer (BP) rewards or the core team spending on growth, marketing, partnerships and acquisitions. Using the allocation set aside for these activities they will be selling the tokens to raise the funds (or perhaps paying for the activities in UOS directly). As such it's not possible to predict how or when tokens will hit the market, information around BP rewards is [also vague](#). To further complicate matters BP rewards are calculated in fiat currency but paid in UOS. This means at a lower UOS price more will be emitted to compensate a BP at the same fiat value.

All that said, with the plan for the tokens to be spent on growing/securing Ultra, any issuance should directly benefit the project if not the token holders themselves.

**Score:** 5

### 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:** There is no value capture mechanism for the token. Being used as the currency for game, item and other transactions does link demand with potential growth in value, but doesn't capture it directly. The only utility for UOS is staking to increase transaction capacity, which could again affect token price indirectly by reducing the circulating supply but captures no value for holders.

**Score:** 0

### e) Token liquidity (5 points)

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

**Answer:** UOS is widely available on both centralised (CEX) and decentralised exchanges (DEX). Most of the DEX liquidity can be found on Uniswap, with the largest pool being [USDC/UOS](#) on Uniswap V3.

As for CEX listings, UOS appears on the likes of Gate.io, KuCoin and Bitfinex, but is without a listing on the better known exchanges like Coinbase or FTX for example.



Score: 4

## 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:** There are currently no extrinsic use cases for UOS in DeFi, but it can [be staked](#) to mine other tokens automatically.

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?

**Answer:** Ultra has a fully [public team](#) and advisors, who all list their LinkedIn profiles for further credibility.

Score: 8

### 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:** Co-CEOs Nicolas and David both worked on a ([now bankrupt](#)) Chinese gaming console project in conjunction with AMD. While that didn't work out, it gave them relevant experience in the gaming sector and the network to bring Ubisoft and AMD onboard with Ultra.

The remainder of the executive team have experience at a variety of different companies spanning webXR, the entertainment industry and financial planning.

Score: 9

### 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 co-CEOs put out a regular recap of developments for the Ultra community as both articles and video podcasts, but publicly their presence hasn't been massive. There were a slew of videos 2-3 years ago covering Ultra on Youtube but more recently things have been quieter. This does seem to be changing as the roadmap progresses, with Nicolas interviewing on [Crypto Banter](#) just recently.

They also appear [as panelists](#) in person and at virtual conferences, certainly contributing to the conversations within the metaverse sector. David has an active presence on Twitter and will actively respond to questions (in multiple languages!) on [technical subjects](#).

**Score:** 7

### 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:** Ultra seems to have a fairly passionate core following, mainly built on Twitter where the [main account](#) has 70k followers. The Discord is smaller at 5k members.

With the team keeping community input at arms length, there is unsurprisingly not a lot of discussion around the protocol direction, ways to improve and new ideas. Chatter is more centred around updates and price predictions. That's not to say the community isn't passionate, because it seems they are.

**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:** Governance of the Ultra ecosystem by token holders [has been disabled](#) (EOS has a DPoS system by default) in order to give more control to technical/corporate block producers. The only silver lining is that block producers are split up between corporate and technical, where corporate BPs are external parties. This provides at least some counter to the centralised nature of a core group of EOS BPs.



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:** Ultra has a Discord but it's fairly small compared to their following elsewhere. There is no discussion about governing the protocol. Equally they don't have a forum for discussing the protocol because there is nothing for the community to influence!

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:** Governance of the Ultra project is intertwined at the base layer with block production. Without insight into the decisions and how they are made, we have to take the continued operation of the chain as a proxy for the governance process working reliably. One positive of the setup is that any contentious votes could be directly implemented as a fork of the chain and would become obvious at that stage.

In this case, trust remains with a small group of BPs to manage the protocol in the interests of all users.

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: N/A

Score: 0

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**About the Author:** Dark Forest Capital

