



Fundamental Report - Metaverse

Prime Rating Report V1.1

Protocol: Yield Guild Games
Category: Gaming
Version: 1
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Author: crypto-communist
Reviewed by: OriginalSK
Season/competition: Metaverse Rate-athon

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	14 / 15
b) Target market size	15 / 15
c) Product-market fit	14 / 15
Total Points - Value Proposition	43 / 45
2. Competitive moat	Points
a) Integrations & partnerships	3 / 10
b) Intellectual property	4 / 10
c) Infrastructure - security	2 / 10
d) Infrastructure - fees and ancillary infrastructure	10 / 10
e) Treasury management	3 / 10
Total Points - Value Proposition	22 / 50
3. Tokenomics	Points
a) Genesis token distribution	10 / 15
b) Purpose of the token	0 / 10
c) Ongoing token issuance / inflation	6 / 10
d) Value capture	2 / 10
e) Token liquidity	4 / 5



f) Extrinsic productivity	3 / 5
Total Points - Tokenomics	25 / 55
4. Team	Points
a) Credibility and reputation	8 / 10
b) Relevant experience	14 / 15
c) Thought leadership and public presence	7 / 10
d) Ability to foster a community and coordinate resources	11 / 15
Total Points - Team	40 / 50
5. Governance	Points
a) Extent of governance capabilities	0 / 10
b) Active governance contributors	0 / 5
c) Governance infrastructure	1 / 5
d) Robustness of the governance process	0 / 10
Total Points - Governance	1 / 30
Total	131 / 230

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:

Yield Guild Gaming (YGG) is a play-to-earn gaming guild. It invests in P2E gaming NFTs and generates income from them. This model is based on 'scholarship' agreements, where players with time but lacking capital borrow NFTs to play P2E games, earn income from playing, and split that income with the NFT owner (in this case, YGG). YGG's payment structure is 70% to the player or scholar, 20% to that player's community manager (who recruits and trains players), and 10% to YGG - [reporting suggests this is a competitive split for players](#). While gaming guilds in general are not a new idea, YGG is pioneering the P2E guild concept.

Given YGG's focus is creating a new kind of gaming guild, it is unsurprising its primary innovation is organisational rather than technical. YGG's approach is to partner with and play an array of P2E games, most prominently Axie



Infinity. The key technical innovations within the P2E space are occurring within those games, not YGG. The only notable technical innovation within YGG is its automation of NFT lending and revenue sharing through the use of Discord bots that interact directly with smart contracts.¹ This is not necessarily a huge technical breakthrough, but it makes the process of onboarding new players far smoother, allowing non-technical scholars and managers to easily enter into scholarship agreements. This is significant less for the tech allowing it and more because it makes that process of onboarding and managing relationships easier. That fact highlights that the key innovation here is organisational - the pioneering of a large-scale, P2E guild focused on bringing new players into the blockchain gaming ecosystem. This approach was prompted by the observations of one of the co-founders, Gabby Dizon, about the potential of Axie Infinity to provide an income to unemployed people in his home country, the Philippines, at the start of the COVID-19 pandemic. At its core, YGG exists to connect asset owners with people who have time to generate income on those assets, this is the innovation. By existing, YGG facilitates a new and interesting form of 'telemigration', where workers in the Global South can compete on an even footing with workers across the globe to earn income from blockchain gaming.² In doing so, YGG is creating a novel way to widen participation in a new industry.

Score: 14

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:

YGG is targeting a very large market. To start, as of April 14th 2022, ['metaverse' tokens](#) had a total market cap of \$17 billion and ['play to earn'](#) had a \$19 billion market cap (all \$ refer to USD). While, spending in blockchain games for 2021 was estimated at \$1.5 billion (per Bitkraft and Naavik). Just for the sake of comparison, [YGG's market cap](#) on that same date was \$200 million (with an FDV of \$2.25 billion).

Looking outside of the crypto gaming sector, the overall gaming market is far larger. The market size for traditional gaming is conventionally estimated at around \$175 billion. But there's a credible argument that the total market size is much higher. When factoring in additional gaming-dependent areas, such as esports, streaming, and hardware, [Bitkraft and Naavik](#) reach a \$336 billion figure for the overall gaming market.

Longer-term, it seems plausible that in-game spending in blockchain-based games could be far higher than the current gaming market thanks to the enduring economies and secure property rights that blockchains allow. This is one definition of 'the Metaverse'. Goldman Sachs recently attempted to identify the long-term market size for the metaverse, based on assumptions about digital spending (spending that currently occurs through the internet) and how much of the digital economy will shift to virtual spending (buying virtual items, such as NFTs). Goldman forecast a range of spending between \$2.6 to \$12 trillion.³

¹ As discussed here: <https://yieldguild.medium.com/introducing-yield-guild-games-3727e825520f>

² More on 'telemigration', a term coined by economist Richard Baldwin, here https://www.wto.org/english/res_e/booksp_e/13_opinionpiece_by_richard_baldwin_e.pdf

³ Goldman Sachs, Dec 2021, 'Framing the Future of Web 3.0 - Metaverse Edition' <https://marquee.gs.com/content/research/en/reports/2021/12/10/a36c113c-d1ec-4b5c-bccd-4bb605fd75d2.html#>



Not only is YGG targeting a very large market, gaming, but it is one that could be multiples of its current size in a decade.

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:

Since YGG's launch in November 2020, growth has been substantial.

One way to demonstrate that is to assess the growth of YGG's community. For instance, its Discord has just under 113,000 members (as of April 18th 2022). That is up from a little over 100,000 at the end of December last year and 62,000 at the end of September-2021.⁴ Similarly, almost 19,000 wallets held the YGG 'guild badge' at the end of 2021. This is a membership NFT you can mint on YGG's website. This uptake (almost 20% of YGG's Discord membership numbers) suggests a reasonably high level of engagement and enthusiasm from YGG's community.

On a similar note, YGG now has almost 11,000 scholars. That's up from 4,000 at the end of July 2021 and basically 0 in November 2020. The constraining factor seems to be the availability of gaming NFTs rather than prospective scholars. Anecdotally, if you go into the Discord it seems full of people trying to become scholars. In total, as of the end of 2021, YGG's scholars had generated over \$11 million from their activities playing P2E games for the guild. As a consequence of this activity, the number of assets owned by YGG has also increased. For instance, at the end of 2021 the YGG treasury owned over 68,000 Axies. That's up from just over 2,200 in March 2021 and a little over 30,000 in October that same year.

Overall this suggests a high degree of product-market fit. YGG has been consistently growing its community, its number of scholars, and, as a consequence, increasing the quantity of in-game items in its treasury.

However, in recent months growth has slowed markedly. This has coincided with an Axie Infinity bear market. Its rewards token is down 96% from its high last May and down 40% YTD, per CoinGecko. Player earnings have also fallen substantially, as discussed in this [linked article](#). This downturn has coincided with a wider crypto and P2E market downturn. YGG is dependent on recruiting players to earn income on P2E assets, this is less appealing for people when the income on offer drops substantially. YGG's long-term growth will depend on a revitalisation of the sector.

Score: 14

⁴ Figures from the YGG Q4 2021 Community Update:

<https://medium.com/yield-guild-games/yield-guild-games-community-update-q4-2021-bfb7a56c74a5>



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:

It is important to highlight that partnerships for YGG serve a different purpose to partnerships for, say, a DeFi protocol. They are less about other entities building on top of YGG or integrating its services and more about which games YGG buys NFTs and governance tokens in and directs scholars towards.

To this end, YGG has a partnership strategy based on looking for the following attributes:

- Finding founding teams they can build relationships and alignment with.
- Understanding the target market (such as the financial commitment of the game, etc) and ensuring that can fit with YGG.
- A self-sustaining in-game economy, rather than one that is dependent on perpetual user growth.
- In-game NFTs with high utility.
- High quality, fun, and creative gameplay.

As of end-2021, YGG had entered into 36 partnerships with games that it viewed as fitting these characteristics. These games are a range of genres, platforms, and blockchains. To provide a little more detail, YGG's Q4 community update highlighted its top 10 game partners as:

- 1) Axie Infinity
- 2) Star Atlas
- 3) Monkey League
- 4) Illuvium
- 5) Fancy Birds
- 6) The Sandbox
- 7) Thetan Arena
- 8) Guild of Guardians
- 9) Splinterlands
- 10) DeHorizon

YGG's partnerships tend to involve purchasing in-game NFTs and governance tokens, to build long-term alignment with the partner games. In doing so, YGG has become enmeshed with much of the P2E sector. But, YGG's partnership is not essential or irreplaceable for projects. Games can grow rapidly without YGG's involvement, as was the case for TreasureDAO and Defi Kingdoms. Additionally, YGG's partnership is not 'unforkable' given other guilds are able to undertake exactly the same activity and provide similar benefits to their game partners, even for games where YGG is already a partner (as occurs with competitors such as Earn Guild and Avocado Guild).



Additionally, YGG's partnerships require an active treasury decision from the YGG core team. This limits the openness of the protocol and likely makes expanding and managing partnerships burdensome. It is likely this will be decentralised as YGG moves towards a DAO structure, as per the [YGG whitepaper](#). But, still, these are perhaps closer to investments than partnerships which does restrict the openness of YGG - highlighting this project is not developing an interoperable product.

Score: 3

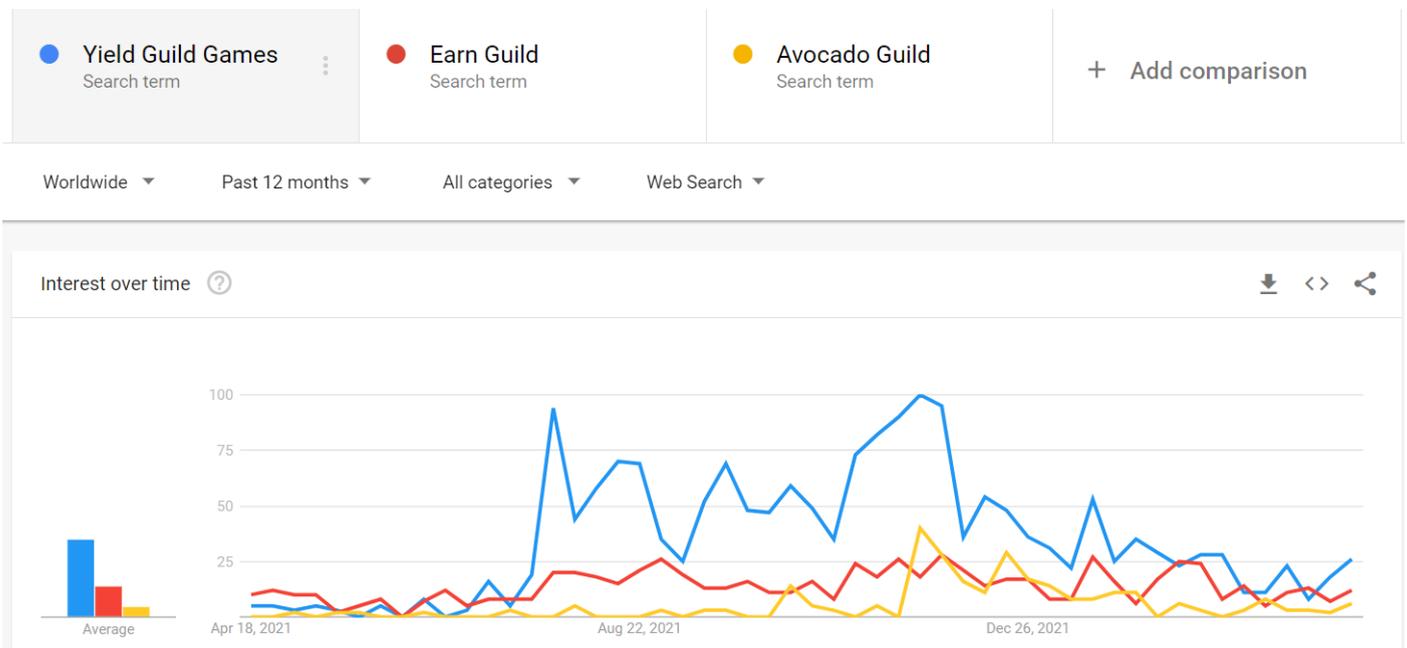
b) Intellectual property (10 points)

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:

YGG lacks legally protected IP, but has a well developed brand as the leading P2E gaming guild.

YGG is the largest and best known P2E guild. One way to show this is its Twitter follower count is ~178,000. That compares to roughly 44,000 for competitors such as 'Earn Guild' and about 69,000 for 'Avocado Guild'. The mini-documentary YGG funded is another illustration of this, it covers Axie scholars in the rural Philippines experiences during the pandemic and has ~400,000 views.⁵ This documentary helped to popularise the phenomenon of Axie scholars and strongly associated YGG with the phenomenon. It is the only P2E guild to ever be mentioned in the [Financial Times](#) and has been profiled in [Nikkei Asia](#). YGG also has consistently higher worldwide google search volumes than competitors such as Earn and Avocado, and this is true across the world, as you can see in the below images from Google Trends:

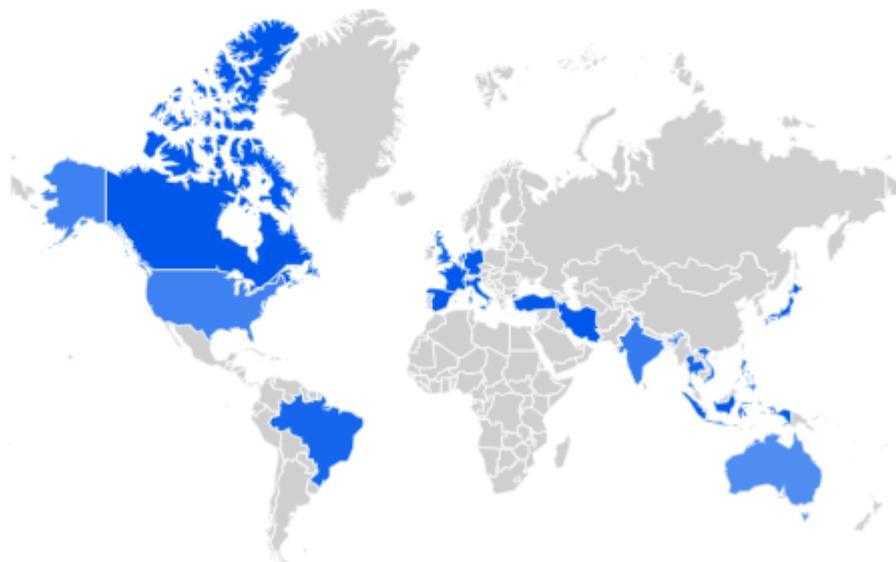


⁵ <https://www.youtube.com/watch?v=Yo-BrASMHU4>



Compared breakdown by region

● Yield Guild Games ● Earn Guild ● Avocado Guild



The headline conclusions are unchanged if you look at the past 90 and 30 days, rather than the last 12 months. But, it is worth highlighting that Avocado is, over some time frames, ahead of YGG in Australia and South Korea. This fits with the decline in the search advantage of YGG vs Avocado and Earn, something visible in the previous Google Trends chart.

You can see a similar point from assessing Twitter followers over the past 30 days (using Social Blade). YGG gained 5,040 followers, Avocado gained 4,226, while Earn actually lost 2,603. Avocado gained a slightly lower absolute number of followers, but this is over twice the percentage growth of YGG which shows Avocado seems to be capturing some attention and eating into YGG's dominance to an extent.

When looking at levels YGG is clearly still the leading P2E guild on social metrics and media coverage. It is also using initiatives such as the YGG Managers Cup, launched October 2021, the biggest global Axie Infinity tournament to strengthen this position. But, a leading brand position today does not guarantee a sustainable leading position in this nascent and fast moving space. There are many cases of prominent crypto brands in new areas seeing this advantage erode, the relative growth of Avocado Guild might be an early indication of this happening to YGG.

Score: 4

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:

YGG's token is Ethereum-based. As such, it fully benefits from the decentralisation and security of the largest and most decentralised smart-contract blockchain.

The key blockchains used by YGG's partners introduce security vulnerabilities, certainly when bridging assets between these chains and Ethereum. Given bridging will be required to distribute rewards and income to YGG holders in the future, this is a challenge for YGG's security. But these security issues will be reflected in the scores for YGG's gaming partners. The core YGG infrastructure sits on Ethereum only and as such scores a 10.

Score: 10

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

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

Answer:

Given the YGG token is Ethereum-based. It suffers from the well-known issue around [high fees](#) that the nascent 'Layer 2s' are intended to solve. On the positive side, Ethereum is the largest smart contract blockchain and consequently has a wide array of ancillary infrastructure including an array of wallets (including the most well known crypto wallet, Metamask) and bridges (such as [Hop](#), [Synapse](#), and [Wormhole](#)). The [growth in Ethereum's Layer 2 solutions](#) highlight that the blockchain is more usable for 'institutions' of various kinds than members of the public, who suffer from spending a higher share of their income/assets on the high fees.

The situation for game partners are different, for these YGG is looking for game partners using blockchains with performance capabilities suitable to playing games. This requires low transaction fees, fast settlement, and relative ease of access to the blockchain. But, the focus here is on the

Score: 2

e) Treasury management (10 points)

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

Answer:

The core purpose of YGG is to own a diversified treasury of productive assets and earn yield on them through scholars' gameplay. However, the project is still at a relatively early stage and consequently over 90% of its treasury consists of YGG tokens.



The following tables from YGG's most [recent Asset & Treasury report in September 2021](#) provide a useful breakdown of its treasury assets:

TOKEN	BALANCE	PRICE (US\$)	SUB-TOTAL (US\$)
YGG	127,254,097	\$6.14	\$781,340,158
USDC	13,891,519	\$1.00	\$13,891,519
USDT	161,720	\$1.00	\$161,720
ETH	1,500	\$3,013.49	\$4,521,193
AXS	186,569	\$74.59	\$13,916,150
SLP	13,459,204	\$0.0628	\$845,884
SAND	203,611	\$0.6667	\$135,754

NFTS OWNED	BALANCE	SUB-TOTAL (US\$)
Sub-total	36,712	\$17,616,712
Axies	26,438	\$3,965,700
Axie Land	235	\$2,244,250
ZedRun	118	\$286,268
F1 Delta Time Common Crate	130	\$3,900
F1 Delta Time Inventory	330	\$75,900
Sandbox Land	180	\$242,100
Embersword (City Land)	16	\$5,760,000
LOK Land	286	\$272,844
Cometh Spaceships	10	\$9,350
Splinterlands	8,250	\$548,460
Guild of Guardians Guilds	121	\$3,097,600
Star Atlas	182	\$1,000,090
Influence (1 Huge / 30 Small)	31	\$85,250
Thetan Arena	400	\$25,000



GAME/ PLATFORM/ PROTOCOL	SIGNED	VALUE (US\$)
Illuvium	February 2021	\$3,500,196
Halo Dao	March 2021	\$52,602
Star Atlas (POLIS)	March 2021	\$846,000
XDEFI	May 2021	\$5,330
Nifty Island	May 2021	\$50,000
Guild of Guardians	May 2021	\$100,000
Ember Sword	May 2021	\$50,000
Splinterlands	June 2021	\$257,975
Thetan Arena	September 2021	\$1,750,000
Sub-total		\$6,612,103

Overall, as of September 2021, YGG's treasury consisted of \$13 million USDC, \$52 million of investment assets, and then \$781 million of the YGG token. This represents a concerning lack of diversification, especially given the core purpose of YGG is to earn yield on a diversified treasury of P2E assets. But, this concentration reflects the early stage that the YGG project is at. Over time, YGG will continue to invest in a wide array of assets as it identifies new game partners that fit the criteria described in 2a and diversify its treasury. But, there are no specific details on the timeframe or clear milestones on treasury diversification. When that is taken in combination with the very high share of the treasury that is currently passively held in YGG's own token, it seems the current treasury management is surprisingly passive.

According to the whitepaper, the core treasury is managed by a 2/3 Trezor-wallet multisig. The three co-founders are the required signatories.

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:

This chart from the YGG whitepaper provides a good overview of the initial token distribution:

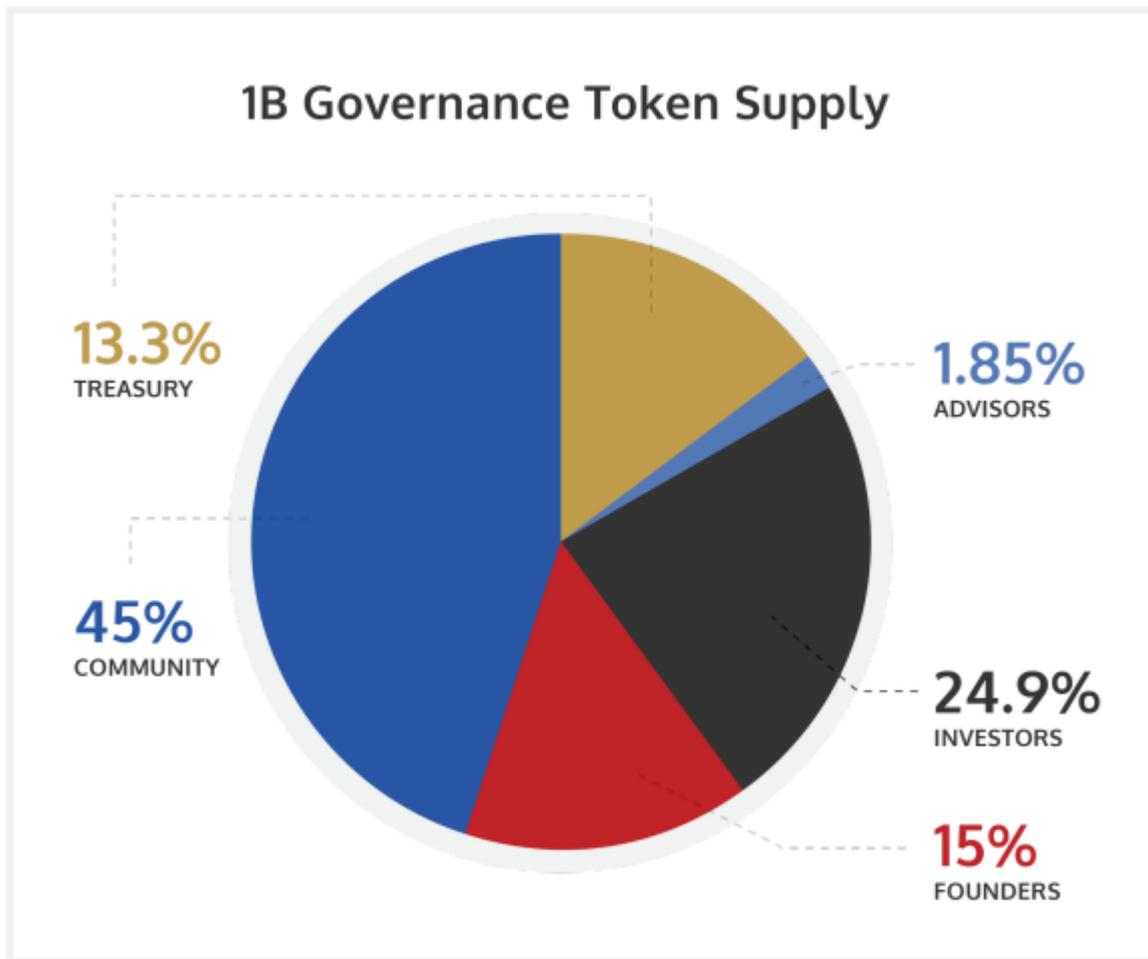


Figure 2: YGG token supply breakdown

The founders' and investors' tokens are [vesting out to 2026](#). The founders will begin receiving tokens in mid-2023, while investor unlocks will begin mid-2022. Community token vesting/emissions are ongoing.

The overall distribution seems unremarkable for the industry. The community allocation is 45% with a further 13.3% allocated to the treasury. Provided YGG follows its roadmap and transitions fully into a DAO, that will effectively mean over 50% of the tokens are in the hands of the community and retail token holders. Although the 40% of tokens in the hands of investors and founders is still a large proportion, especially given investor unlocks will begin in just a few months.

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:

Theoretically, the YGG token will provide governance, utility, and revenue in the future. Currently, the token has effectively no function.

On page 8, the YGG whitepaper lays out the long-term uses of the YGG token:

- 'Stake YGG for token rewards related to its overall activities
- Stake YGG for rewards related to specific activities
- Stake YGG for exclusive content
- Stake YGG to vote and participate in the DAO
- Stake YGG to subscribe to exclusive merchandise
- Use YGG tokens to pay for services in its network' (from the Whitepaper)

The token also acts as an index of the game NFTs, their earnings, and other treasury assets. Something covered in the whitepaper and highlighted by [Mechanism Capital](#).

However, at the moment none of these functions for YGG are live. There's also no clear deadlines for when exactly these functions will be implemented. Consequently, while this is likely to change in the future, the token does not yet provide any rights to the holder.

Score: 0

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 YGG token has a cap of one billion tokens. The allocations for this were set in the initial token distribution covered in 3a. Combining the vesting of founders' and investors' tokens (also discussed in 3a) and the 'vesting' of the tokens allocated for the community, YGG tokens in circulation will increase from approximately 153,333,333 currently to just over half a billion in mid-2023 and be fully distributed by the end of 2026.

The community tokens will be used for several programmes, over a four year period from YGG's launch in November 2020. These are laid out on page 18 of the whitepaper. The key uses of the community allocation, that makes up 45% of the total token distribution, are:

- 8% of this allocation goes to various forms of user acquisition over two years. One positive aspect of this initiative is that it will provide tokens to scholars, better aligning YGG tokenholders and YGG players.
- 29% of the allocation goes to retention over the next four years. Once again, one benefit to this approach will be that it provides additional YGG tokens for scholars. By spreading ownership to some of the key providers of labour (without scholars the system doesn't work), this better aligns incentives and reduces the long-term likelihood of an unsustainable, exploitative 'digital sharecropping' dynamic being baked in.
- 22% of the community allocation is for staking rewards over the next four years, for when the YGG vaults are launched. The value of this is less clear. The YGG vaults are meant to provide rewards from YGG's ongoing



productive P2E activities. This would seem to just be juicing those rewards by temporarily providing additional YGG tokens to existing YGG holders. That said, this tactic may have some merit if it is key to incentivising YGG staking while the project builds up a large scale P2E network.

- 14% goes towards growth over four years, the focus here seems to be airdrops for new game partners. That seems a sensible way of extending YGG ownership to new game partners and ensuring these stakeholders are represented in YGG's governance.
- 18% of the allocation is for DAO management over four years, to 'reward contribution for work'. At best, this is a good way of extending ownership to contributors. However, even here, it would surely be more appropriate to make these payments from the DAO treasury allocation than the community allocation. While, if this process goes poorly, these tokens could easily just become an additional founder allocation. Especially while YGG lacks any real form of decentralised governance.

YGG's outstanding tokens will increase rapidly in the coming years. Additionally, the use of community tokens to incentivise YGG stakers seems unlikely to improve stakeholder alignment. While the payment of contributors from the community allocation rather than the treasury is strange. Still, the acquisition and retention emissions look like a promising way of building alignment between scholars and asset owners.

Score: 6

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:

Theoretically, the YGG token should capture value from the income stream generated by YGG scholars using the YGG treasury assets as these income streams will be available to YGG tokenholders that stake their tokens in various vaults. However, these do not yet exist.

[YGG tokens vaults, when live, allow holders to stake YGG in a vault and directly receive rewards.](#) These rewards will be from YGG's overall activities or a specific activity, such as Axie breeding, depending on the vault chosen for staking. In doing so, they will provide a clear link between the activities of YGG, earning yield on P2E assets, and the value of the YGG token - because tokenholders will be able to directly receive that yield.

As things currently stand, these vaults do not yet exist. Additionally, there is no ETA for when the vaults and staking will be live. The income currently generated from YGG's activities is reinvested, rather than received by tokenholders. There is also no 'rage-quit' mechanism, meaning although tokenholders theoretically own a portion of the YGG treasury there is not yet any way for them to assert their claim and withdraw their share of treasury assets.

Score: 2

e) Token liquidity (5 points)

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

Answer:



YGG is available on key DEXs and CEXs. On the CEX side this includes FMFW.io, HitBTC, Binance, and Kraken. Uniswap and Sushiswap are its key DEXs, but liquidity is best on Sushi. As per Coingecko, on April 14th, Sushiswap had roughly a quarter-million dollars for its +/-2% depth. \$300,000 had traded on Sushiswap in the last 24 hours, and almost a further \$10 million had traded on HitBTC, Binance, and FMFW.io. That seems to be a sufficient range of exchanges and depth of liquidity for YGG, a token with an approximately two hundred million dollar circulating market cap.

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:

YGG has some genuine external productivity. You can use YGG to provide liquidity with an ETH pair on several DEXs, most significantly [Uniswap](#) and [Sushiswap](#). Beyond providing liquidity, YGG can be used for [borrowing and lending on Cream](#). There was a [stablecoin project accepting YGG as collateral](#), but the project seems to have died.

Score: 3

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:

Two of YGG's co-founders are doxxed, as are a reasonable number of the 30 person core team. The identifiable team members generally seem credible. Marc Weinstein of Mechanism Capital was familiar with Gabby Dizon, YGG co-founder and CEO, since 2017. Dizon '[became my go-to-contact for all blockchain-based gaming-related investments](#)'. While the other publicly identifiable co-founder, Beryl Li, is a Cambridge alumni with a longstanding record of engagement with crypto. More generally, as of the end of 2021, there were 30 people in the core team. A large number of the core team have their identities visible. Combined with two of the three co-founders, this feels sufficient.

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:

The co-founders and core team have significant relevant expertise. To give some examples:

- Co-founder [Gabby Dizon](#) has nearly 18 years of mobile gaming experience. He was CEO and co-founder of a mobile gaming developer, with several well reviewed and popular games. Dizon also persisted in crypto through the last multi-year bear market and has built a strong reputation as a blockchain-gaming expert, as suggested by [Mechanism Capital](#).
- Co-founder [Beryl Li](#) was a consultant at Unionbank of the Philippines' innovation arm, where her work included a property backed digital assets offering. Li was also CEO and Founder of CapchainX, a platform for creating and trading equity-backed tokens on Ethereum.
- Owl of Moistness has a far more limited verifiable track record. They only joined [Github](#) in November 2021, though they have been on [Twitter](#) since August 2018.
- [Colin Goltra](#), is COO and was previously a director at Binance most recently focused on APAC expansion.

The list could go on, but that already demonstrates YGG has an array of experienced core team members with tech, gaming, and Web3 expertise.

Score: 14

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:

YGG is active on medium and crypto ecosystem podcasts. However, [its medium](#) focuses more on updates about YGG rather than pieces laying out YGG's vision or suggestions for the P2E industry. These views are expressed more in the crypto media [podcast appearances of its founders](#), in the past six months this has included Bankless, Real Vision Crypto, and Blockworks.

YGG's game partnerships are another aspect of its public presence. By making investments in games, engaging in their governance, and directing players towards them, it is shaping the evolution of the P2E industry.

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:

YGG has a very large Discord with over 110,000 members. It also has almost 20,000 guild badge holders and nearly 180,000 Twitter followers. There's also an array of [successful game players and streamers](#) that are YGG affiliated. While the core team is large and actively recruiting, including several roles focused on community building (including a ['Minister of Culture'](#)).

YGG also uses SubDAOs to manage its community building in certain regions (and for specific games). Currently, YGG has two regional SubDAOs. One is [YGG SEA](#), focused on Southeast Asia. The other is [IndiGG](#), focused on India. SubDAOs - currently has two regional SubDAOs (as well as an array for managing specific game exposure). This is an interesting coordination mechanism that seems likely to keep community members more engaged than just trying to grow everything directly within YGG.

More negatively, a lot of the Discord is just people just asking how to become a scholar without engaging in more meaningful community interaction. Illustrating this, only about 30 people attended an AMA in their discord on April 15th, out of the 110,000+ members which doesn't suggest a strong level of engagement.

Score: 11

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:

YGG has only held one Snapshot vote (which passed with 100% approval). This is also true for the 'Discord Proposal Review' (which YGG holds before a Snapshot vote). Furthermore, there is no area or specific avenue for YGG holders to make governance proposals (even as Discord Proposal Reviews), nor is there a dedicated section of the Discord where members can discuss governance.

'DAO Begins' is Phase 2 in the YGG whitepaper, YGG is currently still in Phase 1. So, it is likely this will shift over time. But, there is currently no fixed timeline on when Phase 2 will occur or when YGG holders can become more active governance participants.

Score: 0



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 is little debate around governance and no real community resources dedicated to it. This makes sense because, at the moment, there are effectively no governance votes.

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:

YGG uses Discord and Snapshot as voting mechanisms. Trust is relied on to implement the outcomes of a vote and the founders have not expressed a plan to expand the multisig from the current 2/3 model (the three co-founders are the signatories). But, given there has only ever been one governance vote (in October 2021), it is difficult to assess the true quality of this infrastructure by observing how it currently operates.

There are some indications of how the governance process might look in YGG's documentation, but this is still quite sparse. Given the current lack of decentralised governance, it's unsurprising that there's no discussion of YGG's own governance process in its Q4 Community Update, however there are some details in its [whitepaper](#) (on page 16). This states that proposals and votings will include (but not be limited to) technology implementation, 'products and projects', the distribution of YGG tokens, and changes to its governance structure. The whitepaper claims that any guild member will be able to send proposals through the YGG website to cast votes with decisions based on majority voting. No such functionality is currently live on the YGG website. There's a bit more information in this [July 2021 medium post from YGG](#) which highlights the use of Ethereum-based smart contracts to manage the functioning of the DAO and the founders' plan to have treasury management activity proposed and voted on by DAO participants 'in the future'. But there's still little detail beyond the content of the whitepaper. The positive indications from all of this are the intention for votes to be genuinely binding (even if trust will be required to implement them) and the plan for treasury activity to be ultimately controlled through tokenholder voting (even if the founders seem to plan to retain control of the multisig). But, there's still little concrete detail on the specifics of how exactly the governance process will work, what infrastructure it will use, or when precisely it will be put in place.

Score: 1



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:

It is very difficult for users or YGG holders to participate in governance given no sections of its Discord are dedicated to governance or the future of YGG, there are no channels for tokenholders to make governance proposals, and no governance debates or votes really occur.

Score: 0