



Fundamental Report - Metaverse

Prime Rating Report V1.1

Protocol: Defi Kingdoms**Category:** Gaming**Version:**1**Date:** 26/04/2022**Previous Report:** [Link to previous report](#)**Author:** v2waytoo**Reviewed by:** DarkForestCapital**Season/competition:** Metaverse Rate-a-Thon

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	14 / 15
b) Target market size	15 / 15
c) Product-market fit	11 / 15
Total Points - Value Proposition	40 / 45
2. Competitive moat	Points
a) Integrations & partnerships	9 / 10
b) Intellectual property	3 / 10
c) Infrastructure - security	9 / 10
d) Infrastructure - fees and ancillary infrastructure	9 / 10
e) Treasury management	1 / 10
Total Points - Value Proposition	31 / 50
3. Tokenomics	Points
a) Genesis token distribution	7 / 15



b) Purpose of the token	9 / 10
c) Ongoing token issuance / inflation	9 / 10
d) Value capture	10 / 10
e) Token liquidity	3 / 5
f) Extrinsic productivity	0 / 5
Total Points - Tokenomics	38 / 55
4. Team	Points
a) Credibility and reputation	7 / 10
b) Relevant experience	7 / 15
c) Thought leadership and public presence	8 / 10
d) Ability to foster a community and coordinate resources	13 / 15
Total Points - Team	35 / 50
5. Governance	Points
a) Extent of governance capabilities	3 / 10
b) Active governance contributors	0 / 5
c) Governance infrastructure robustness	0 / 10
d) Process and ease of use	2 / 5
Total Points - Governance	5 / 30
Total	149 / 230

For gaming projects only:

6. In-game economy	Points
a) Ease of use / Onboarding	14 / 15



b) Sustainability of P2E or in-game economy	10 / 20
c) Utilisation of NFTs	7 / 15
Total Points - In-game economy	31 / 50
Total	180 / 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:

TLDR: [Defi Kingdoms \(DFK\)](#) is within the GameFi category, combining an RPG game with DeFi and NFTs. Each concept individually is not novel but DFK is one of the first to seamlessly combine all three into a meaningful game.

[Defi Kingdoms \(DFK\)](#) is a game, a decentralized exchange (DEX), a liquidity pool (LP) opportunity and a market of utility-driven NFTs with its native currency Jewel. The gameplay is play-to-earn MMORPG in the form of fantasy pixel art.

It initially was built on the Harmony blockchain with its native ONE coin with in game transactions with the Jewel token. Jewel is worth [\\$5 with a market cap of \\$320m](#) at the time of the writing of this report. The game also launched DFK Blockchain (built on Avalanche subnet) on March 30, 2022, the first expansion to the game, called DeFi Kingdoms: Crystalvale. In time bridging will be available between chains.

Game Play

DFKs look and feel is like a traditional RPG. Players explore the fictional world with a Tavern, Bank and Garden, talk to the town crier and other characters, all while investing and earning. Imagine Runescape with defi.

The premise of the game is that Gaia, a beautiful fictional world that was once united, was destroyed by residents over farming. Those who stayed true to Gaia were transported to the Inner Grove and a god separated the once single continent. Over time the separate kingdoms grew and later reconnected. Players enter the game in the Age of Heroes, where players farm \$JEWEL (tokens). Using mystical powers, they summon heroes back into the world to defend their \$JEWEL gardens and destroy corrupted monsters. DFK integrates defi concepts like yield farming and liquidity pools into a simple to understand gamified form. For example, in the game you can buy, grow, and harvest seeds in the garden which is equivalent to liquidity pooling.

The game is free to play but there is a transaction cost (gas) every time you interact with the blockchain such as when you make a profile entering the game. Once you're in the game, you can add to the LPs in the Marketplace and stake



LP Tokens in the Gardens or \$JEWEL at the Jeweler. You can also spend \$JEWEL to purchase Hero NFTs in the Tavern. These can be used to collect resources through their Professions and can be paired with other Heroes to summon new Heroes. This abstraction of defi and NFT functions into a simple gamified form creates an experience that is easy for novice or advanced gamers to understand while powering an in-game economy.

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:

TLDR: Extremely large - GameFi market size estimated to be between \$20bn to \$55bn. Gaming and Defi are much much larger markets. DFK has a market cap of \$1bn so only capturing 2-5% of the GameFi market and a tiny fraction of the overall gaming or Defi market.

Defi Kingdoms sits across several large markets - gaming specifically P2E (Play to Earn), NFTs, and DeFi (decentralized finance) - aka GameFi.

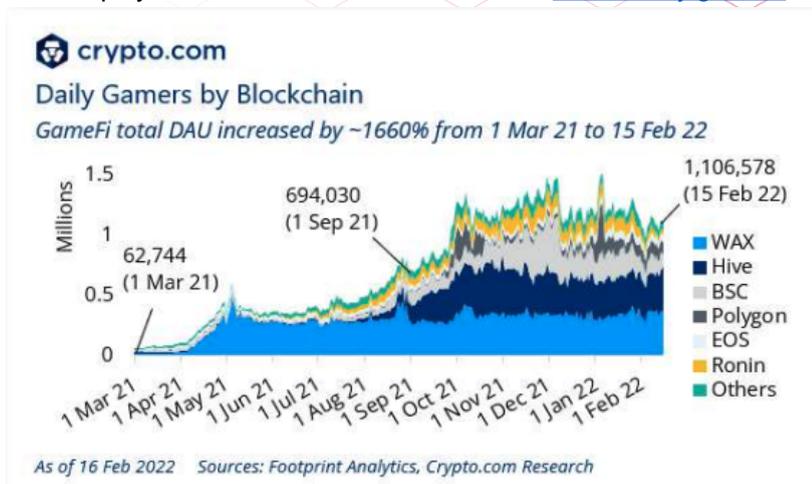
- The global gaming industry reached [\\$176bn in 2021](#) (Newzoo)
- RPG industry is projected to reach [\\$89bn in 2022](#) (Statista)

Alternatively,

- The crypto market cap is currently \$2tr; it previously has reached \$3tr (CoinGecko)
- NFT sector market reached [\\$41bn in 2021](#) (Chainalysis)
- Defi sector market cap is \$680bn (CoinGecko)
- GameFi sector market cap is estimated to be between [\\$20bn to \\$55bn](#) (mean of \$34bn)
- Axie Infinity the largest GameFi's token AXS has a market cap of \$3.7bn but the game is worth more if you consider its brand value and other intangibles

Even more specifically

- GameFi player base is estimated to be around [1.03m daily gamers](#) and growing consistently



Now let's look at the size of Defi Kingdoms now to assess its potential. DefiKingdoms tweeted that as of April their market cap reached \$1bn (\$800m Serendale and \$200m Crystalvale) and daily users of around 20k, so the potential



for growth is massive. According to an article from [Coindesk](#) referring to Axie, the potential comes from less economically developed countries who have discovered gamefi to earn an income.

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?

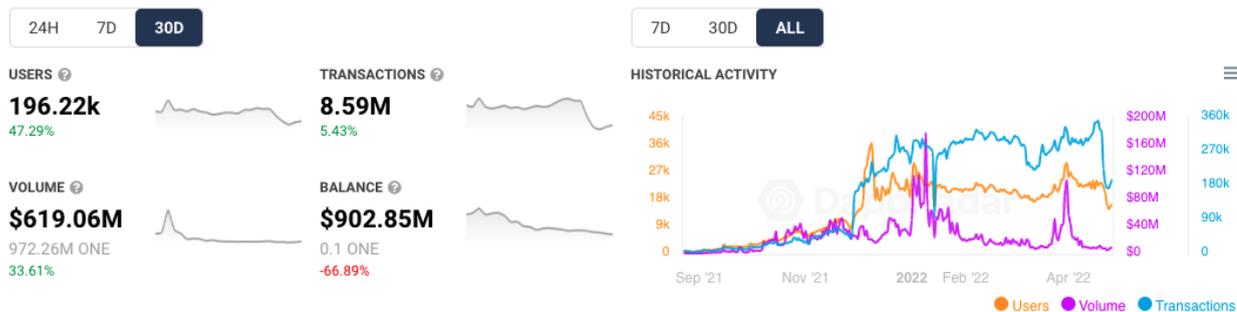
Answer:

TLDR: GameFi is a very new market so it is difficult to pinpoint what the market needs are. However, DFK user numbers have been growing healthily and catching up to its closest competitor, Axie Infinity.

DFK basically allows users to play a fun RPG, while earning and investing, and utilising NFTs. The GameFi market is still quite nascent so it's difficult to determine exactly how strong of a fit DFK is. We can see that since Nov 2021, its daily gamers had doubled from 10k to over 20k. As of April 27, the DAU dropped down to about 16k. Over the last 30 days its user base totaled 192k with 8.59m transactions.

DeFi Kingdoms statistics

This data represents the raw on-chain activity of the tracked smart contracts



Source: Dapp Radar

Compared to Axie Infinity, who has had 108k users with 741k transactions in the last 30 days. DFK has 93k members in its Discord and 123k followers on Twitter; Axie Infinity has 726k Discord members and 956k Twitter followers.

DFK launched in Aug 2021, less than 1 year ago as a DEX with LP farming opportunities and additional features are constantly being added. In March 2022, it launched a game expansion, Crystalvale, on the DFK Chain. From the DFK Roadmap there are substantial plans for adding new gameplay features and assets, as well as the potential to expand kingdoms to additional chains.

Score: 11



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:

TLDR: DFK is on two layer 1 chains - Harmony and most recently Avalanche (via subnets) so it has access to both chain's robust ecosystems. They have also announced integrations with wallet, fiat on-ramps, etc that make transactions easier within the game. However, they lack the next level of partnerships to create a strong moat.

Layer 1 Chain Partnerships

DFK's initial lure was in its P2E (play-to-earn) model that ran on the Harmony chain which provides fast and cheap transactions. 6 months after the initial launch, DFK announced an expansion, Crystalvale, which will be built on the DFK Chain using Avalanche's subnet network. Essentially, DFK will have its own ecosystem and proprietary chain that commissions Avalanche's validators and uses the proof-of-authority and proof-of-consensus algorithms developed by Ava Labs. This expansion into building a specific DFK chain will empower the JEWEL token more. JEWEL will serve as a governance token and as a network token to pay for transactions on the DFK Chain. The partnership with the Avalanche Foundation, DFK will be incentivizing the early phase of the Crystalvale launch on DFK Chain with a total of [\\$15m in incentives](#): half in Crystal and half in AVAX. As of April 3, 2022, DFK announced they reached 500m in total bridged volume to Crystalvale.

Other Partnerships

In April 2022, Chikn, a chicken NFT collection in the Avalanche ecosystem, [tweeted about their partnership](#) with DFK, stating that "the most active players in the Chikn ecosystem will be rewarded accordingly within Crystalvale" and that details will come after the Roostr NFT Mint.

In March 2022 DFK announced a [partnership](#) with [Ramp](#), a cryptocurrency payments platform that offers players a frictionless onboarding experience. Ramp provides multiple fiat-to-crypto payment options and allows users to top up their wallets dApps within the game. Ramp has similar partnerships with other NFT-based games, including Axie Infinity and Sorare. With Axie Infinity, Ramp claimed to have decreased onboarding times by 90%.

In March 2022, DFK tweeted numerous other partnerships and integrations

- [Coinbase Wallet integration](#) in Serendale and Crystalvale
- Pangolin, a DEX as a Service [partnered](#) with DFK to offer Pangolin DEX swap widget in Crystalvale which allows access to all Pangolin's liquidity and functionality in the Crystalvale outpost.
- Integration with Synapse Protocol to provide cross-chain bridging
- Partnership with Benqi to provide lending directly in DFK
- Partnership with Dopex, integrated into DFK Chain (no other info)



In Oct 2021, DFK [tweeted](#) about a partnership with Artemis protocol, the first launchpad & liquidity as a service platform on Harmony. [Artemis](#) aims to solve the “liquidity dilemma” by providing on-chain liquidity without sacrificing a network’s decentralization while offering attractive yields.

Score: 9

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:

TLDR: The gameplay and graphics of DFK are simple and reminiscent of traditional RPG games like Runescape. The real IP lies in the NFTs (Hero Characters) and their uniqueness in features and abilities. There is a lot of potential here and development of other categories of NFTs, but currently the strength of the IP is limited.

Defi Kingdom’s brand has risen in popularity due to its unique model of P2E NFT game with the accessibility of Defi to earn and invest while playing. The game’s design and story have not been touted as particularly wonderful and if anything, is quite simplistic. The Hero NFTs which are playable characters that can level up and earn Jewel tokens with (ie. yield farming with the Heros). Each Hero has specific stats, professions, rarity, class, subclass, element, gender, etc. and Hero NFTs of a particular generation can be combined to create a new Hero. There’s a lot that could be developed here, such as using Heros to mine Jewel, taking on quests to earn rewards, etc. Heroes could potentially even exist in other games / worlds if DFK expands with other ecosystems. The DFK team has alluded to NFT collections for buildings, pets, equipment, etc.

Score: 3

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:

TLDR: Deployed on Harmony ONE platform and Avalanche subnet. Both are well known protocols with large ecosystems and no known security incidents.

DFK’s Serendale is built and traded on the Harmony ONE platform, using the Uniswap V2 protocol. Crystalvale is built on the DFK proprietary chain [deployed to an Avalanche subnet](#), a scaling solution that involves “a dynamic set of validators working together to achieve consensus on the state of a set of blockchains”.



Harmony and Avalanche are significant Layer 1 chains with large ecosystems with a market cap of \$1.4bn and \$21bn respectively. [Harmony](#) boasts 2 second finality for trustless, irreversible transactions at low fees. It uses random state sharding with 250 nodes per shard and uses cryptographic randomness to re-shard regularly. [Avalanche](#) subnets are validated and secured by the Primary Network. Avalanche chains are backed by the Avalanche consensus protocol, technical details can be found [here](#). Both Harmony (launched June 2019) and Avalanche (launched Sept 2020) have not seen major security incidents.

In light of the Ronin / Axie hack, the DFK team provided some clarity into how they secure their funds. They use code reviews, audits, multi-sig wallets, hardware and cold key storage, VPNs and whitelists, and distributed keys. Their goal is to ensure there are no single points of failure. They noted that they continue to discuss internally and with partners on how to ensure the highest level of security.

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:

TLDR: Low gas fees, costs are associated with "summoning" a Hero NFT and with the DEX and LP.

The game itself is free, however there is a transaction cost (gas) every time a player interacts with the blockchain, such as when making a profile. Harmony has very low fees so these interactions are a fraction of a cent. The real fees come when you summon or when Heroes interact with the Tavern. The summoning costs and Tavern fees are all fundamental parts of the game tokenomics and economy.

Fee breakdown

High level, you pay a JEWEL cost (~.001 ONE) for each Hero, based on the Hero's generation and how many times that Hero has summoned. Anytime you summon you pay this fee. Whenever you sell your hero through the Tavern or rent your Hero out to someone else so that they can use it for summoning, the game takes a 3.75% cut of your proceeds.

Score: 9

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:

TLDR: Limited visibility into treasury. Even though wallet addresses are public, the only one with funding is the development fund which comprises 7m JEWEL and 10 ONE tokens (about \$30m currently). There is no diversification of funds and unclear how the treasury is managed.

Very little is known about the DFK treasury and its management. What is known is that funds are secured in a multi-sig wallet at multisig.harmony.one. These wallets will be controlled by 4 founding members of the project, and any



transaction will require 3 out of 4 signatures to execute. This helps to protect against hacks that would target the treasuries, ensuring that there is no single point of failure. Additionally, this protects against any one member of the team having the power to do anything on their own, without the rest of the team being aware of and agreeing to it. It also gives 100% transparency, as anyone can view all of the transactions that are proposed before they are executed, as well as a history of every past transaction that was executed.

There are four funds - a development fund, a marketing fund, a smart contract owners safe, a pay portal vesting wallet and an initial liquidity fund. The addresses of all can be found in [the docs](#). Going into the addresses, only the dev fund seems to have a balance - about 7m JEWEL and 10 ONE tokens.

Score: 1

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:

TLDR: Limited cap supply of both JEWEL and CRYSTAL tokens. Distribution skewed towards "future development" and initial liquidity.. Points docked because release schedule is not transparent and vaguely worded.

The Jewel token has been designed to reward its holders with a hard cap of 500 million tokens. There was no public sale and it's unclear how the funds for the future development of the game will be used. Based on the distribution, it can only be assumed that the community allocation is included in the "promotion of the project" and in "bounties" which represent <20% of the allocations.

Pre minting was performed [as follows](#):

The 10 million JEWEL tokens will be pre-minted and distributed as follows:

- (50%) 5 million JEWEL: Allocated to fund the future development of the game. These tokens will be time-locked and released over a set schedule as features are completed.
- (20%) 2 million JEWEL: Allocated for promotion of the project, including marketing, airdrops, etc. These tokens are also time-locked to release slowly over the next few years, to ensure that there are always funds available to market the game and acquire new players and investors.
- (20%) 2 million JEWEL: Allocated for initial liquidity. These tokens will be matched with ONE tokens to form the initial liquidity pool and will not be withdrawn or sold.
- (1%) 1 million JEWEL: Allocated for bounties and hours (worked) for the founding team based on their work towards launch. Half of these will be awarded at launch, and the other half will vest over time.

The CRYSTAL token has a hard cap of 125m tokens (25% the supply of JEWEL). A CRYSTAL pre-mint of 2,500,000 will occur prior to launch. These tokens will be used in part for initial liquidity with the remainder used to fund a variety of rewards for players. Specific information on these rewards has yet to be released.



Score: 7

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:

TLDR: Tokens are both for utility and governance. In-game utility of the tokens is very clear from the documentation. 1 point docked as governance usage is not transparent (more in the Governance section).

JEWEL tokens can be used for in-game utility like buying Heroes NFTs, which can themselves be used to earn JEWEL and other rewards. JEWEL can also be combined with existing Heroes and other items to mint new Heroes, and be swapped through the DEX for in-game currency or directly for in-game items. In addition, there are fee sharing opportunities, liquidity pooling, and governance rights attached to JEWEL.

CRYSTAL fills the same roles as JEWEL but within Crystalvale. It can be spent to purchase and mint Hero NFTS, swapped on the in-game DEX, staked for fee sharing, pooled for liquidity, and applied to applicable governance votes.

The JEWEL or CRYSTAL from every in-game transaction is apportioned as follows:

- 1% - Burned
- 10% - Sent to the Bank to reward xJEWEL/xCRYSTAL holders
- 30% - Sent to the Quest Rewards Fund
- 25% - Sent to the Development Fund, to pay for future game development and bounties
- 17% - Sent to the Marketing Fund, to pay for advertising, airdrops, etc

Score: 9

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:

TLDR: Tokens have a supply cap so inflation will occur. Because of the utility of the tokens within the game and distribution to stakeholders, the inflation will incentivise growth.

After the 10 million token premine, DeFi Kingdoms issues new tokens that are initially locked. These new tokens are distributed to users with staked tokens in the Gardens' liquidity pools, which unlock at an increasing rate. All tokens become effectively unlocked at a certain time.

The majority of tokens are initially locked to retain the game's value for its users over the long run. The game's distribution model is structured to incentivize users to join the ecosystem early in return for compounding rewards.



Block sizes start by issuing 256 JEWEL tokens in the first Epoch, and incrementally reduce until after the 35th Epoch block rewards shrink to just 4.

Each Epoch is made up of 302,400 blocks on the Harmony blockchain, which roughly corresponds to each Epoch lasting 1 week, given the average Harmony block speeds of 2 seconds per block.

Only 5% of rewards are unlocked during the first Epoch, and in each consecutive Epoch an added 2% of rewards become unlocked. By the end of the 51st Epoch, it is estimated that all concurrent rewards will be unlocked, however the rate at which these fully unlocked rewards are distributed is not yet made clear.

There is limited information available about how tokens will be distributed after they are all issued and unlocked, which we expect will occur sometime in 2025. The graphical representation of DFK's issuance schedule does not account for 262,208,128 out of the 500,000,000 total token supply. There is no explicit guidance as to whether these tokens are all released at once, or if they are issued linearly over an extended period.

Score: 9

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:

TLDR: Value capture makes sense and can be accrued in various ways. Expansion of the game onto new chains will only increase the value for long term token holders.

There are currently 3 ways to accrue value with JEWEL:

- 1) JEWEL can be staked at the bank and 10% of every JEWEL transaction is used to increase the value of xJEWEL, which is what stakers receive in exchange for staking JEWEL. xJEWEL is the governance token that also provides airdrops, such as land, equipment or other rewards.
- 2) The Garden (DEX, a fork of Uniswap) needs liquidity. For greater yields you can provide liquidity and earn higher APYs.
- 3) The expansion to AVAX and other chains in the future is designed to onboard many new users, causing price appreciation since Jewel is needed to pay gas fees in Crystal.

Score: 10

e) Token liquidity (5 points)

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

Answer:

TLDR: There is ample liquidity and tokens can be exchanged on some exchanges but not most.

JEWEL is [available to be traded](#) on Hotbit, BigONE, AAX, CoinEx, MEXC Global and has deep liquidity with 24hr trading volume of \$9m. The DFK DEX has a [TVL of \\$176m](#) and has ample liquidity



DeFi Kingdoms Markets

 Display Unconverted Data

Affiliate disclosures

#	Exchange	Pair	Price	Spread	+2% Depth	-2% Depth	24h Volume	Volume %
*	eToroX Sponsored							
*	Crypto.com Sponsored							
1	Defi Kingdoms	JEWEL/WONE Live Chart	\$2.93	0.6%	\$1,264,747	\$1,260,947	\$2,820,437	29.18%
2	Defi Kingdoms	JEWEL/USDC Live Chart	\$2.93	0.6%	\$213,127	\$212,487	\$3,387,363	35.05%
3	Defi Kingdoms	JEWEL/BUSD Live Chart	\$2.93	0.6%	\$162,894	\$162,404	\$525,536	5.44%
4	Defi Kingdoms	WBTC/JEWEL Live Chart	\$2.93	0.6%	\$163,659	\$163,168	\$254,846	2.64%
5	Defi Kingdoms	WETH/JEWEL Live Chart	\$2.93	0.6%	\$158,831	\$158,354	\$412,563	4.27%

Score: 3

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:

TLDR: None.

JEWEL has no extrinsic value outside the DFK ecosystem.

Score: 0

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:

TLDR: Two members of the core team (CEO and Chief Defi Officer) do significant outreach on social and in person. Based on the high level backgrounds of the other team members, they do not have any track record within the space but are experienced in their own functions.

The team members at DFK are transparent yet anonymous. Core team members have publicised their wallet addresses, and social media handles. However, they go by nicknames such as Frisky Fox (CEO), Professor Tango (CTO), and Sinstar Necro (CCO), SpicyMapleCat (CMO), Dreamer (Chief Defi Officer), Xeno Sniper (COO) and no one knows who they are. According to their [teams page](#) they have 54 core contributors across back-end development,



front-end development, game design & lore, creative / ux, game mechanics, marketing, community, biz dev and operations. Very little is known about the prior experience of the executive team except for tidbits that the CTO has many years of experience in the technology realm, the CMO has had a long, successful career in marketing, the COO has been working in operations for over 10 years in the fiat realm, and most concretely, that the CDFO left his position with Goldman Sachs to join DFK.

Score: 7

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:

TLDR: We don't know many specifics about the team's experience, except for the one who was previously a VP at Goldman. However the team bios don't allude to previous startup or crypto experience prior to DFK.

Very little is known about the past achievements of the [core team](#). We know that the CEO Frisky Fox spearheaded the interface, analytics, and API servers that support the game and DEX. There is no mention of Frisky having developed a game or other business before. From the high level descriptors of the other c-level execs, they each have had significant experience in their respective functions and many are also avid gamers.

Specifically the Chief Defi Officer, [Dreamer](#), is the most public facing exec and was formerly a VP at Goldman Sachs for 10 years. He is said to be skilled in finance, economics, and business development and leads the growth efforts of the project as it relates to business development, marketing, creative, community and charitable efforts. Prior to DFK he was a VP at Goldman and specialised in hedge funds, cleared products and otc derivatives.

Score:7

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:

TLDR: Two members of the core team are often seen speaking at and being photographed at conferences. They are known in the space, post consistently on Twitter and are considered thought leaders in GameFi.

Dreamer, DFK's President and Chief Defi Officer is the most public facing of the DFK team members. He is active on twitter and posts news about partnerships, AMAs, and talks at conferences. He's done talks with Coinstelegram, at LA's Supermint metaverse & NFT event, at EthDenver, at BitcoinMiami, on a Bloomberg docuseries on Defi, and others.

FriskyFox, the CEO, is more active on Discord and responding to dev questions. His leadership skills were applauded on twitter from a message he posted about how focusing on building regardless of the direction the market is going in.

Score: 8



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:

TLDR: The team does weekly AMAs and constantly provides detailed info about their plans. Additionally they deliver on what they communicate they will do and are very engaged with the community on Discord.

Frisky Fox and rotating team members do weekly AMAs (ask me anything) on their discord server with the community where they answer questions and share updates about the roadmap, game mechanics, business development plans, etc. Here is a [list of transcripts from their AMAs](#). The team has done a great job of communicating their plans and delivering on their roadmap. They share an extensive [product roadmap](#) of new features, systems, maps, and cross chain expansions. The overall community now includes 93k members on discord and 123k followers on twitter. Discord community is actively engaged and discuss gameplay, heroes, etc.

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.)?

TLDR: It's known how to be a governance token holder but little else is known about governance beyond that.

Answer:

xJEWEL or xCRYSTAL tokens are the governance tokens of DFK and of each realm. When governance votes are called, players may vote with their xJEWEL or xCRYSTAL shares, as appropriate, if they wish. Governance votes might determine the inclusion of a new token in incentivized pools, the retirement of a token from the pools, or a policy change that impacts token holders.

When this happens, the vote is announced on Discord and through the other DeFi Kingdoms social media accounts. xToken holders can visit the governance page (different for each vote), where they can connect their wallet and cast a number of votes equal to the number of tokens held.



Score: 3

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:

TLDR: Limited information, number of community governors is unknown.

Changes to the DFK ecosystem are proposed and implemented through the community's official Grants program. Participation is primarily open to community members, although proposals can be put forth by the DFK and Harmony teams.

The primary discussion channel to discuss and vote on proposed changes is the official discord channel. Depending on the scope of some proposals, DFK will also host official hackathons to select project contributors. In addition to existing community members, Harmony and DFK will occasionally seek out under-resourced communities and provide them with tools to contribute to the ecosystem's growth, such as Harmony Africa. A third of grant funds are provided by Harmony, and two-thirds by DFK. As of March 2022 the grant program was on hold for retooling.

On-chain governance is delegated to xJEWEL token holders. DFK community members can get these tokens by depositing JEWEL in the Bank in exchange for xJEWEL tokens.

Voting on proposals takes place in DFK's official Discord channel (#grants-and-bounties). However, proposals will be reviewed internally by the DFK team before being presented to xJEWEL holders in Discord. Since the founding team shortlists which proposals are presented to the community, all xJEWEL holders' votes are counted as equal, and there is no minimum amount necessary to vote.

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:

TLDR: Unknown

There is no other info on the infrastructure, voting, or process of the governance. Therefore the assumption is that it is extremely rudimentary.



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:

TLDR: Documentation states how to get governance tokens but little else is known.

To participate in governance, the player only needs to deposit JEWEL or CRYSTAL with the Jeweler which then becomes xJEWEL or xCRYSTAL needed to vote.

Score: 2

6. Gaming Specific - In-game Economy

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

a) Ease of use / Onboarding (15 points)

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

Answer:

TLDR: Onboarding is simple and clear from the documentation and tutorial. One point docked because the documentation has not been updated to reflect all the recent partnerships.

DFK has a very comprehensive "[learn](#)" section about how to get started and the gameplay. There is also a step by step [tutorial](#) on getting started in the game. DFK is a browser based game supported by Chrome (recommended), Mozilla Firefox, Brave, and Edge. The other requirements to enter the Kingdoms are a Metamask wallet extension and Harmony ONE tokens. The ONE tokens are for gas fees and to convert to JEWEL tokens within the game. ONE can be purchased on an exchange and then sent to Metamask. The onboarding tutorial is extremely comprehensive and guides through the process of buying ONE, sending to the users Metamask and then exchanging for JEWEL. The guide also walks you through the highlights of the Kingdom including a world map, the Marketplace, the Gardens (Liquidity Pools), the Jeweler, the Tavern, Heroes, and so on. For more detailed information, the [Gameplay docs](#) goes through each area and how to utilize the Heroes NFT in the game.

Things to note:



The above info is what is written in the DFK docs and onboarding tutorial. However, if you go through the actual game there are some discrepancies. Likely the docs have not been updated for recent partnerships. There is actually a fiat on-ramp powered by the partnership with RAMP so ONE can be bought directly within the game. Coinbase wallet is also available, again a recent partnership put into action. Lastly, there are no onboarding guides or tutorial for Crystalvale yet so this is likely in the pipeline.

Score: 14

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:

TLDR: The game economy is well designed to sustain growth. Levers can be pulled to reward long term holders, early adopters and enthusiasts. However more innovation needs to be built into the game design to increase participation beyond simple grinding / sinking.

The token that is core to the game is called JEWEL. JEWEL can be staked at the Bank and a portion of every JEWEL transaction is used to increase the value of xJEWEL which is what stakers hold. As a side note, xJEWEL is the governance token. The supply of JEWEL will stay fixed at 500m tokens so even with the the launch of Crystalvale where Crystal will be rewarded to current JEWEL holders so even with new users from the Crystalvale game, the supply stays inelastic. Presumably this will hold true as the game expands to other chains in the future.

The Jewel reward system is designed so that long term holders, early adopters and enthusiasts will be the most heavily rewarded and incentivized. You'll see that early adopters gain the most rewards but those rewards start off mostly locked up. Over time, total rewards are lower but the mix shifts towards mostly unlocked.



Rewards for adding liquidity to the Gardens (liquidity pools) are currently high, but in order to incentivize long term thinking, reduce the likelihood of flash loan attacks and encourage active participation many mechanics have been put in place (penalty of 25% for depositing and withdrawing in the same block, withdrawal fees go from 8% for one hour to 0.01% after a month, etc.).



The Bank is also available to safely stake JEWEL for modest rewards and some xJEWEL. To incentivize staking and increase its value for everyone, a series of airdrops and raffles have been done for xJEWEL holders.

Overall there are many strategies for playing and earning in DFK. You could put everything in the LPs. You could buy generation zero heroes and summon more heroes. You could buy a bunch of heroes and run profession quests in order to stack up rewards. Etc. etc. As the game kingdoms and features expand, there will be infinitely more game play directions.

Score: 10

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:

TLDR: NFTs currently only being used for characters. More assets could be developed into NFTs in the future and documents allude to this direction.

Currently the only aspect of the game that are NFTs are the Hero characters. Hero NFTs are full RPG characters with stat blocks, consumable resources and a leveling system. They're meant to be used and a key feature of the game. The Heroes can work multiple professions for rewards (mining for JEWEL), participate in quests and eventually battle each other and a variety of enemies in the future. The Heros can find and equip valuable equipment NFTs that will grant them special passive and active abilities and increase their stats. The equipment system is still in development.

To get a Hero NFT the Heroes can be summoned through a dimensional Portal by combining the genes of two existing Heroes and paying a summoning cost. Heroes can also be purchased or listed for sale in the Tavern ie. marketplace. Players may also offer their Heroes up for hire in the Tavern, to be used by other players for Summoning. Additionally, Hero NFTs of a particular generation can be combined to create a new Hero.

Looking at the development roadmap, there are things like Pets, Buildings, and Equipment that will be launched. It's conceivable that these will all be in the form of NFTs in the game.

Score: 7

About the Author:

v2waytoo was formerly in BD for FAANG before she saw the light and moved onto sunnier pastures. Outside of cryptoland she day trades equities, knits, and cuddles her jack russell terrier.

