



## Fundamental Report - Metaverse

Prime Rating Report V1.1

**Protocol:** The Sandbox  
**Category:** Virtual World  
**Version:** 1  
**Date:** 12/04/2022  
**Previous Report:** None

**Author:** makkiyzy & dabar90  
**Reviewed by:** xm3van  
**Season/competition:** Metaverse Rate-athon

## Scorecard

1. Value Proposition	Points
a) Novelty of the solution	13 / 15
b) Target market size	15 / 15
c) Product-market fit	13 / 15
<b>Total Points - Value Proposition</b>	<b>41 / 45</b>
2. Competitive moat	Points
a) Integrations & partnerships	7 / 10
b) Intellectual property	10 / 10
c) Infrastructure - security	10 / 10
d) Infrastructure - fees and ancillary infrastructure	10 / 10
e) Treasury management	4 / 10
<b>Total Points - Competitive moat</b>	<b>41 / 50</b>
3. Tokenomics	Points
a) Genesis token distribution	13 / 15
b) Purpose of the token	6 / 10
c) Ongoing token issuance / inflation	7 / 10
d) Value capture	7 / 10
e) Token liquidity	5 / 5



f) Extrinsic productivity	1 / 5
<b>Total Points - Tokenomics</b>	<b>39 / 55</b>
<b>4. Team</b>	<b>Points</b>
a) Credibility and reputation	10 / 10
b) Relevant experience	13 / 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>43 / 50</b>
<b>5. Governance</b>	<b>Points</b>
a) Extent of governance capabilities	- / 10
b) Active governance contributors	- / 5
c) Governance infrastructure	- / 5
d) Robustness of the governance process	- / 10
<b>Total Points - Governance</b>	<b>0 / 30</b>
<b>Total</b>	<b>164 / 230</b>

**For gaming projects only:**

<b>6. In-game economy</b>	<b>Points</b>
a) Ease of use / Onboarding	11 / 15
b) Sustainability of P2E or in-game economy	15 / 20
c) Utilisation of NFTs	15 / 15
<b>Total Points - In-game economy</b>	<b>41 / 50</b>
<b>Total</b>	<b>205 / 280</b>



# 1. Value Proposition

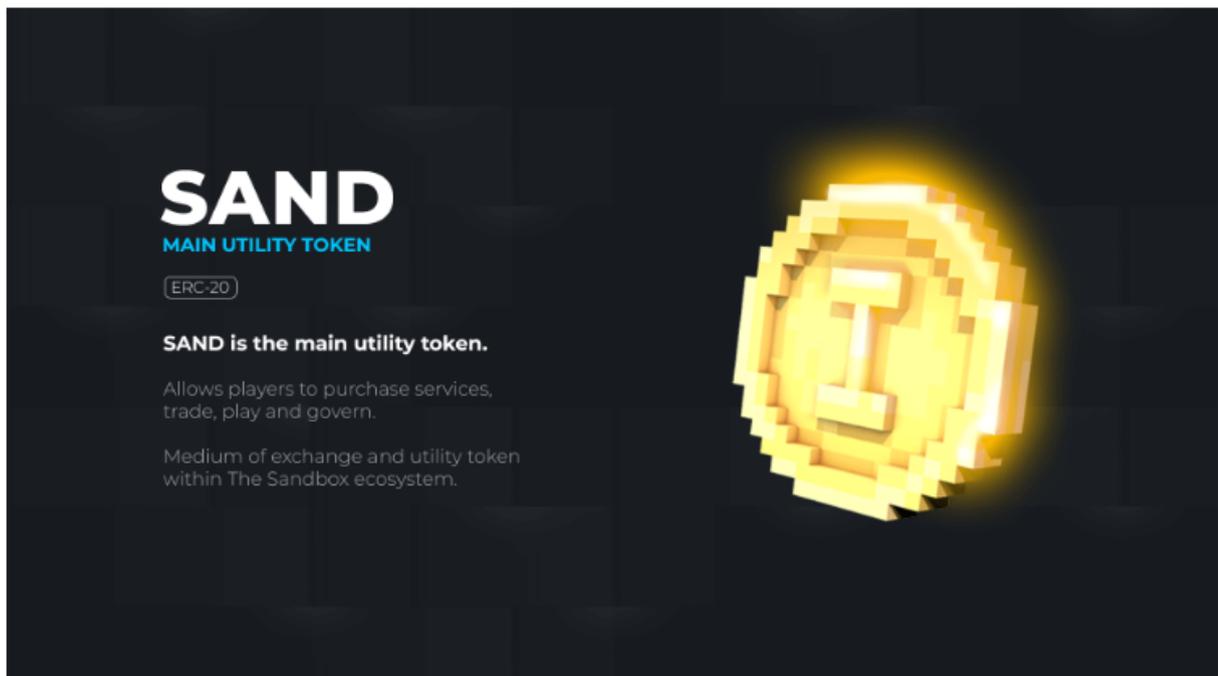
The "Value Proposition" section assesses the value a protocol delivers to its users. The rating is based on the size of the problem a protocol addresses and the product/market fit of the protocol's solution.

## 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:

[The Sandbox](#) is a virtual world where players can build, own, and monetize their gaming experiences on the Ethereum blockchain using the platform's utility token SAND. Players can create digital assets in the form of Non-Fungible Tokens (NFTs), upload them to the marketplace, and integrate into games with Game Maker.



(Source: [The Sandbox Whitepaper](#))

The Sandbox Metaverse is based on a map of 166,464 LANDS (408\*408). LANDS are physical spaces in the Metaverse owned by players to create and monetize Games. LANDS are used to publish your game and can be rented to game creators. Every LAND comes with a set of prebuilt terrains, but it can be terraformed and modified by the USER who owns it (or other PLAYERS they invite to work on it).

In the current game market, the centralized ownership and control of user-generated content limits creator rights and ownership. Central control over the trading of virtual goods created by players restricts them from generating fair value for their creations. As a result of this, it can be difficult to prove creative ownership of works, especially as content is copied, altered, and built upon.



## PrimeRating

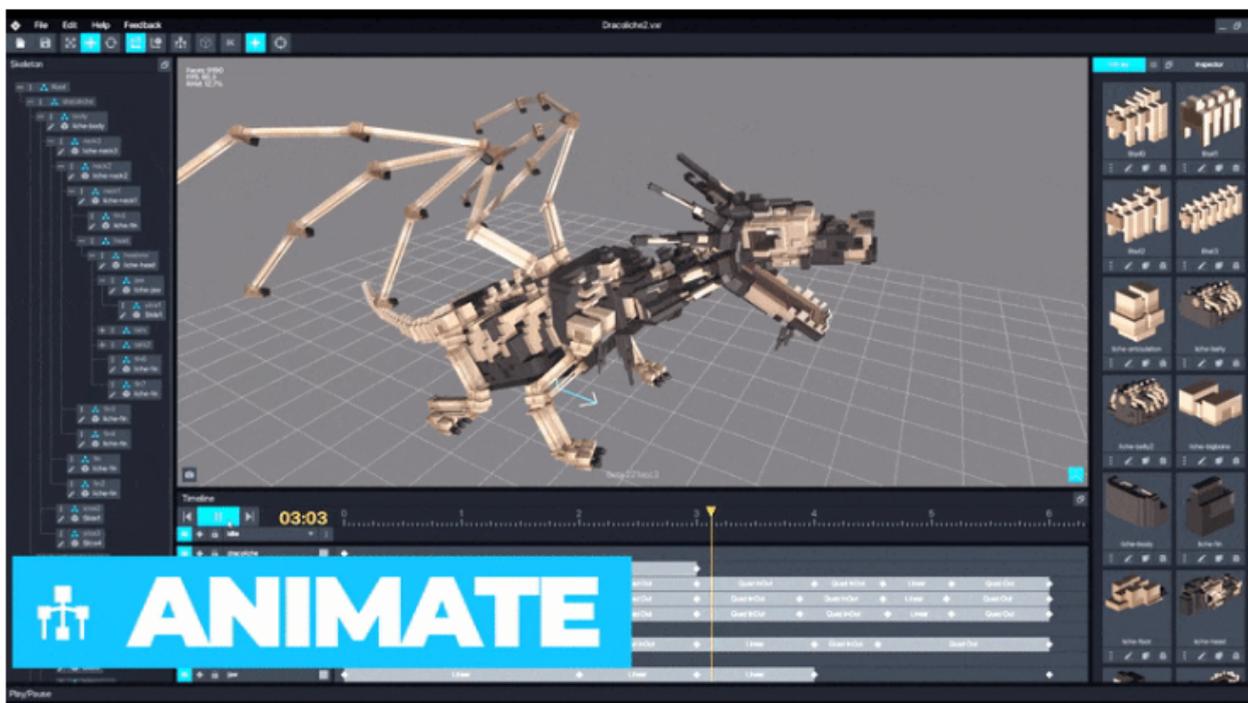
With The Sandbox, these users' problems and limitations were solved while accelerating blockchain adoption to grow the blockchain gaming market. This is done by building a voxel gaming platform where creators are able to craft, play, share, collect, and trade without central control, enjoying secure copyright ownership with the ability to earn cryptocurrency (SAND). This copyright ownership will be established and guaranteed through the use of NFTs, where every in-game item will have a unique and immutable blockchain identifier.

The Sandbox platform consists of three (3) integrated products that together provide a comprehensive experience for the production of User-Generated Content (UGC). The Sandbox further benefits users by allowing them to secure copyright ownership of User Generated Content (UGC) through the implementation of NFT standards.



(source: [Sandbox website](#))

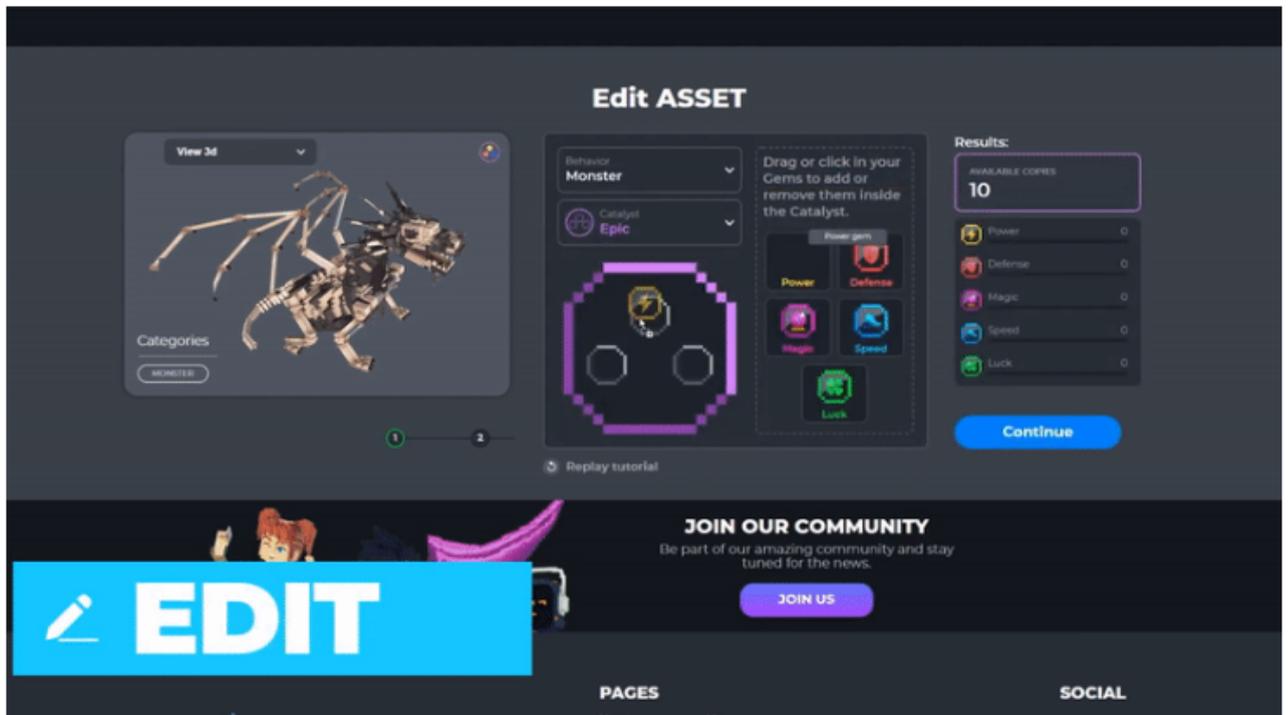
- [VoxEdit](#) is a 3D voxel modeling package that allows users to create and animate 3D objects such as people, animals, foliage, and tools. Voxels, which are the equivalent of square 3D pixels similar to building blocks, can be manipulated using VoxEdit to easily create ASSETS.



(source: [Sandbox Voxel Editor](#))



- The Sandbox's [web-based marketplace](#) allows users to upload, publish, and sell their creations (ASSETS) made in VoxEdit, as Tokens (Both ERC-721 and ERC-1155 tokens). ASSETS can be sold by making a sale offer on the Marketplace



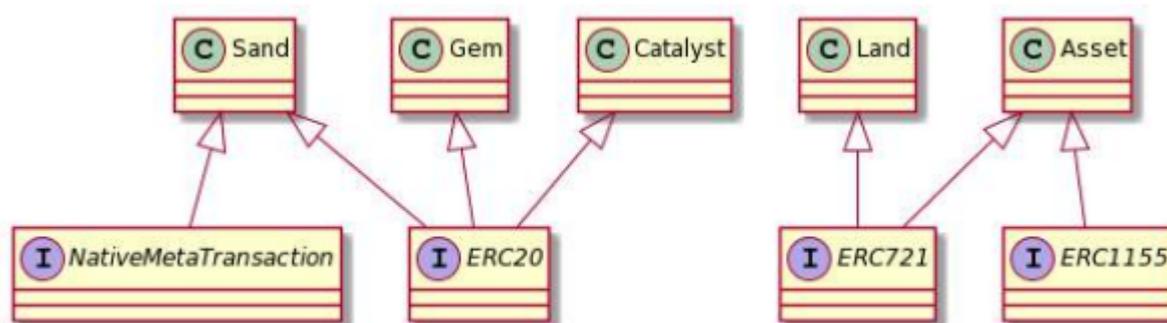
(source: [Sandbox marketplace](#))

The Sandbox's [Game Maker](#) allows players to build 3D games for free. With the help of visual scripting tools, no coding knowledge is required.



(source: [Sandbox marketplace](#))

The Sandbox platform currently runs exclusively on **Ethereum**, which is used to record the ownership of tokens and allow owners to transfer, sell, or use them without restrictions. **IPFS** is used to store all related information of ASSETS, and ensures that this information cannot be changed without the permission from respective owners. The **ERC-20** standard is used for the SAND, GEM, and CATALYST tokens, while **ERC-1155** and **ERC-721** standards are used for the storage and trading of LAND and ASSETS. An overview of the Sandbox Tokens is shown below.



Sandbox Tokens

Sandbox metaverse concept is not a novelty in space, Decentraland held an ICO in August 2017 and raise \$ 26 million. Sandbox metaverse represents an innovative approach in the organizational aspect by reserving Land plot positions to potential service providers in metaverse. With this move, Sandbox has built a strong network of partnerships, raised significant funds for further development and very likely benefit from already formed partner communities.



Score: 13

## 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:**

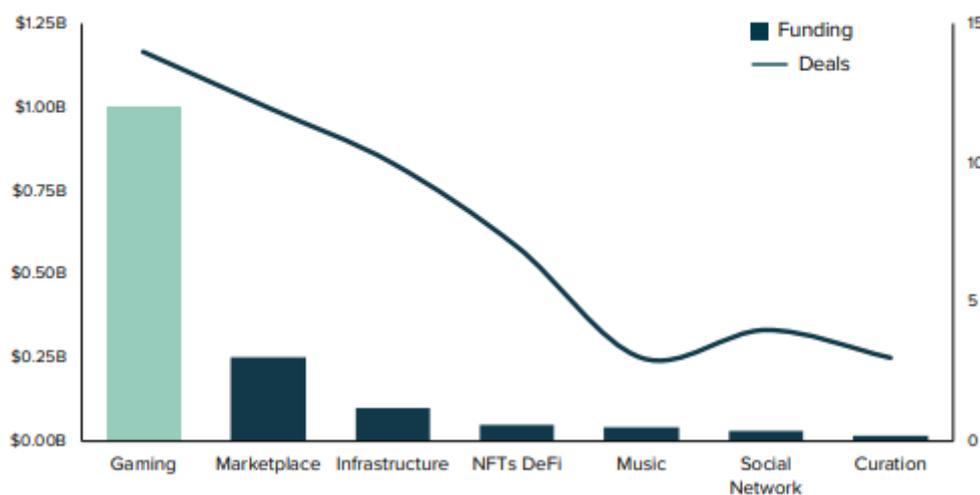
According to **J.P Morgan** report on [Opportunities in Metaverse](#) The concept of a metaverse is not a new one. In many ways it is a [linear progression](#). Online, multi-player, role-playing worlds like The Sims or Second Life have been around for nearly 20 years, with players spending an average of 20 hours per week in these worlds. Modern equivalents like Minecraft, World of Warcraft and Fortnite have hundreds of millions of users, and huge supporting economies.

Sandbox target market can be categorized on different time-frames (short, medium and long term) in order to most relevantly cover the market with ongoing adoption and development in space.

**In short term**, Sandbox target market represents blockchain gaming space with current size of [~\\$3 billion](#). Given that one of the main metaverse value propositions is forming a loyal community and network of integrations for better composability, the current focus of the protocol should be evolving these fields inside Web3 space.

**In medium term**, Sandbox has potential to reach global games market size which is estimated at 198.40 billion in 2021. and it is expected to reach a value of USD 339.95 billion by 2027, registering a CAGR of 8.94% over 2022-2027 according to the Mordor Intelligence [report](#). The gaming sector should be among the first traditional sectors to start using Web3 technology because it represents the most obvious advantage of technology substitution (value for time) and the user structure is technically more literate. Following chart from Grayscale metaverse [report](#) show's comparison between metaverse sectors by funding and deals:

FIGURE 14: GLOBAL Q3 2021 NFT VERTICALS INVESTMENT ACTIVITY<sup>14</sup>



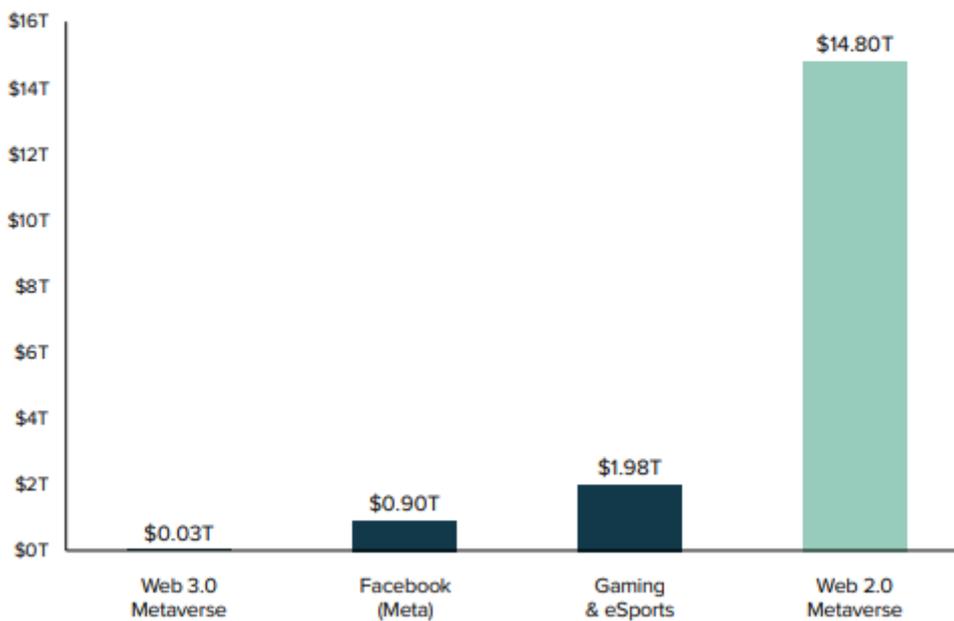
(source: [Grayscale Metaverse Report 2021](#))



**In long term,** assuming that Web3 technology will be at the level of current Web2 technology and its many advantages such as censorship resistance, value transferability, permissionless and privacy will come to the fore. Also in that time period, are expected a clearer [regulatory framework](#) for crypto space and a significantly improved security infrastructure of decentralized protocols, given that these are currently the two weakest points which currently slow down Web3 adoption. In that period, the Sandbox target market would be a complete Web2 metaverse with a current size of [\\$14.80 trillion](#).

Current relationship between Web3 metaverse, Gaming sector and Web2 metaverse from Grayscale metaverse research report:

FIGURE 7: MARKET CAP: WEB 2.0 & 3.0 METAVERSE, FACEBOOK, GAMING<sup>7</sup>



(source: [Grayscale Metaverse Report 2021](#))

All sectors through all time periods show signs of sustainable growth and have substantial size. The stated values for target markets can be considered as minimum as traditional sectors represent a one-way flow of values, while protocols like Sandbox represent a circular economy without intermediaries.

Score: 15

### c) Product-market fit (15 points)

Product-market fit evaluates the degree to which a protocol satisfies market demand in their specific sector. How many users does a protocol have? What is the trading or transaction volume on a platform? Is there growth on both the buy and sell side of the market? Is the protocol targeting the right product segment at all?



**Answer:**

According to [nonfungible.com](https://nonfungible.com), in metaverse category Sandbox is protocol with highest LAND plot NFTs exchange volume and number of sales on weekly basis. Main competitor Decentraland is on second place but with about 3x less trading volume and 5x less sales than Sandbox, while other metaverse protocols are not very competitive when it comes to NFTs trading.

#	Project name	Volume - 7 days ↓	Sales - 7 days	Volume - All time	Sales - All time
1	 The Sandbox	5.251.154,70 USD	859	467.636.899,86 USD	151701
2	 Decentraland	1.538.700,39 USD	174	213.831.464,36 USD	138533
3	 CryptoVoxels	72.632,14 USD	17	39.076.284,31 USD	12022
4	 SuperWorld	22.377,15 USD	73	4.250.261,10 USD	16224
5	 Somnium Space	15.173,40 USD	1	23.263.005,02 USD	4617
6	 OVR	1.141,12 USD	3	62.365,60 USD	126

(source: Non-Fungible website)

Of the 859 [Sandbox](#) Land plots weekly purchases, 46 purchases relate to the primary market and 813 to the secondary market. [Decentraland](#) Land NFTs, on the other hand, has 54 out of 174 weekly purchases from the primary and 120 from the secondary market. In the case of Sandbox, a large number of sales in the secondary market indicate high trading activity (NFT re-sale), so the big difference in volume and sales between Sandbox and Decentraland (pictured above) is based on the higher velocity of Sandbox Lands.

According to data from [NFT stats](#), Sandbox has 20,466 Land owners, and competitors as Decentraland has 6996, Somnium 4629 and Cryptovoxels 2233 addresses with protocol native Lands. The number of unique addresses that own protocol Land space may indicate on Sandbox higher adoption compared to competitors but mostly from partners and investors perspective. Making [partnerships](#) with “big players” like Binanc, Atari, CryptoKitties, Adidas and over 100 others through buying Land plots on Sandbox metaverse seems like a very good strategy because Sandbox partners come with an already formed community (user base). Although such an approach is unfair from the position of an individual user, it seems more effective.

When it comes to [Sandbox assets](#) (no land assets), the statistics are as follows:



## The Sandbox ASSETS Rarity Explorer

[OpenSea](#) [LooksRare](#) [EtherScan](#)

NFTs sold last 7 days <b>406</b>	Trading volume last 7 days <b>\$86.7k</b>	Average price last 7 days <b>\$213</b>
Floor Price Lowest Ask Price <b>Ξ0.01</b>	Total Supply Number of tokens <b>2.476</b>	Owners Number of owners <b>36.602</b>

(source: [NFT stats](#))

Strategy to first distribute (sell) lands to investors made of Sandbox the "whale market" protocol. The number of assets created on Sandbox is very small and the value is negligible compared to Land plots. The number of NFT creators on protocol is a much more relevant indicator of adoption because their activity is largely related to actual market demand. According to the number of created NFTs, the demand seems to be very low.

According to [Dapp Radar](#), Sandbox marketplace has 1398 weekly traders with volume of \$5,71 million. Average price of sale is \$3,900 from which it may be inferred that traders still predominantly trade with lands, which was already concluded above in analysis of Sandbox NFT collection. Over time, as the platform evolves and revenue streams stabilize, a decline in the average price of sales and a higher share of trading with basic NFTs can be expected. At the moment, however, this is an indication that the protocol is still at an early stage of development.

**VOLUME**

**\$5,71M**

-11,19%

**MARKET CAP**

**\$525,37k**

-13,19%

**TRADERS**

**1.398**

-7,78%

**FLOOR PRICE**

**\$20,49**

77,34%

**SALES**

**1.502**

-5,59%

**AVG. PRICE**

**\$3,8k**

-5,93%

(source: [Dapp Radar](#))

The Sandbox is [unique](#) from other crypto metaverse projects in that its user-generated content ecosystem makes contributing to the metaverse a simple and intuitive task for players without any coding skills. Sandbox has also adapted the protocol activities to different user profiles (game makers, NFTs makers, players, NFT traders, investors) which definitely expands its potential market.

Compared to competing metaverse protocols, some new players like [NFT Worlds](#) and [Worldwide Webb Land](#) have captured some market share and their 7 day trading volume is at or above the level of leaders (Sandbox, Decentraland) in the sector . However, Sandbox has an advantage in partnerships and integrations, which can be key competitive advantage.



Dashboard Metaverse projects by Market Cap

Rank	Project	Floor Price	24H Average Sales Price	Land Supply	Land Floor M.Cap	24H Volume	7D Volume
5	Decentraland	2.6186399999999998	2.9583	67631	144684.93873999998	8.7686	182.09642877685195
1	The Sandbox	1.68878	1.9	76803	128624.63734	128.4843	1166.9687774836321
2	NFT Worlds	6.925	8.75	18000	69250	126.392	1114.323554743597
3	Worldwide Webb Land	1.68976	1.74	9886	16866.23888	47.2138	1896.719189437785
4	Treeverse	1.1	1.1895	19428	11462.808888888888	13.5879999	188.7131999

(source: [Dune Analytics](#))

The protocol has achieved a clear market fit in promising market, and has some advantage over competitors. However, the sector is still at an early stage and it is not yet certain which factors will be decisive for gaining market advantage, because of that the score is lower by -2.

Score: 13

## 2. Competitive moat

The "Competitiveness" section looks at a protocol's competitive moat in the space and its unforkable assets. This includes integrations and partnerships, intellectual property, the underlying infrastructure being used, and treasury management.

### a) Integrations & partnerships (10 points)

Due to crypto's open-source nature, the code of most protocols can easily be forked. This score represents one piece of unforkable value. Some indicators are the number of applications built on top of the protocol (vertical integration) and other entities integrating the protocol's services (horizontal integration).

**Answer:**

The Sandbox team has secured 50+ partnerships to develop content on the platform, including brands like Shaun the Sheep, dApp game studios like [Dapper Labs](#) (CryptoKitties), investors such as Square Enix (Final Fantasy, Tomb Raider), and iconic game companies like ATARI (Rollercoaster Tycoon, Pong). These [partners](#) secured their own virtual real estate in The Sandbox metaverse and will be among the first to offer multiplayer social experiences upon the public launch of the platform and afterward. The most important land buyers in the metaverse are certainly [Binance](#) and [Atari](#).

Sandbox has [integrated](#) Astra protocol as a compliance tool with features like Anti-Money-Laundering (AML) and Know-Your-Customer (KYC).



(source: [Sandbox Medium blog](#))

Sandbox has entered into a number of partnerships with projects and people from the crypto space, but also with many brands from the "real world". Currently, only integration is Astra compliance tool. Although a lot of partnerships have been made, Sandbox has no integration other than the Astra protocol, which is why the score was reduced by -3.

Score: 7

## b) Intellectual property (10 points)

Intellectual property is and will continue to be a crucial part of the metaverse. This score considers if a project, for example, developed a unique IP that creates a sustainable competitive moat around it or, as an alternative, secured IP through agreements with outside parties.



### Answer:

Sandbox has licensed deals with partners which are protected with international copyright and trademark laws. Sandbox partnered with major IPs and brands including The Walking Dead, Atari, Rollercoaster Tycoon, Care Bears, The Smurfs, Shaun the Sheep, and Binance. The creator of the ASSET owns 100% of the [rights](#) of that ASSET. Sandbox has entered into many partnerships with IP protected brands. According to [Messari](#): *"The Sandbox completed its \$93 million Series B fundraising round in November led by Softbank. Sandbox has taken a distinct approach towards in-game content partnering with various brands and licensing intellectual property for dozens of companies. In a press release, The Sandbox state that the new capital will also be used to expand its IP licensing efforts and grow its virtual world."*

Score: 10

## c) Infrastructure - security (10 points)

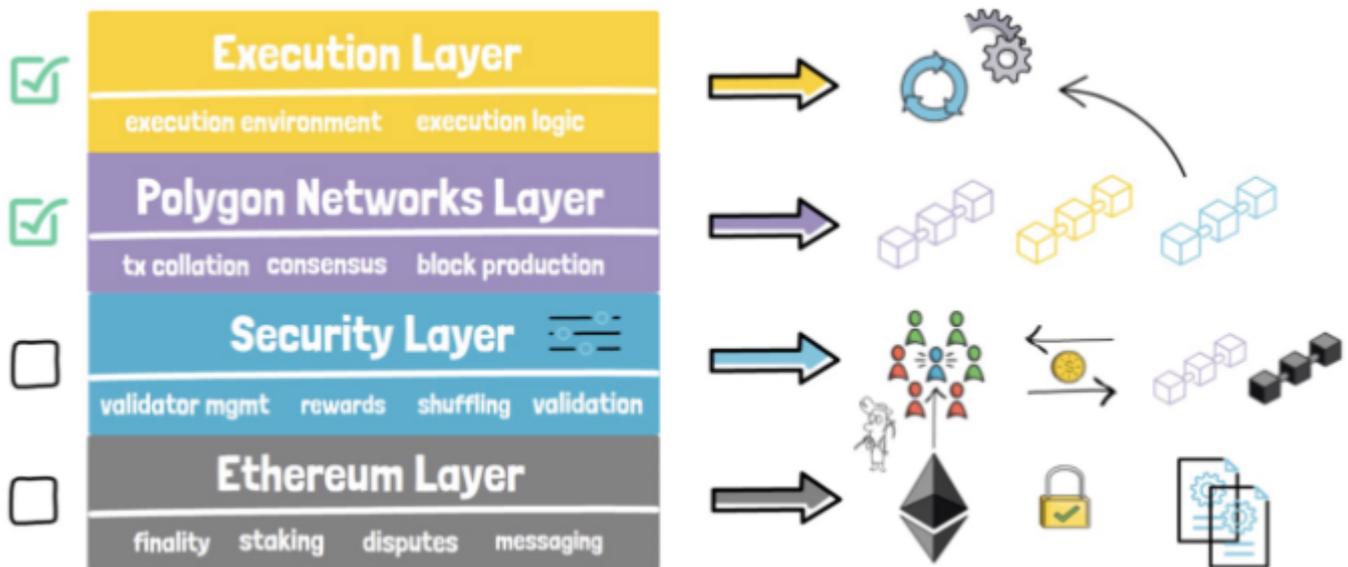
Metaverse projects make all kinds of choices when it comes to infrastructure. Some build their own solutions, whether Ethereum side-chains or a new blockchain entirely, and some deploy to an existing sidechain or a level 1 blockchain. These decisions have significant trade-offs across security, maintenance, ease of use, costs and scalability, etc. This score assesses specifically the security of the chosen infrastructure solution.

### Answer:

Sandbox except Ethereum mainnet uses [Polygon](#) – formerly known as the Matic Network – is, simultaneously, an Ethereum-based Proof-of-Stake blockchain used as a Layer-2 scaling solution and a framework for creating and interconnecting such networks to build "Ethereum's Internet of Blockchains." Polygon was designed to address some of the most critical challenges to dApp adoption, including speed, scalability, and usability, without compromising network security. Polygon is fully compatible with Ethereum smart contracts written in Solidity, which allows protocols in Ethereum to port themselves to the network. Polygon architecture consist of 4 layers:



## ARCHITECTURE



(source: [CoinMonks Medium](#))

Ethereum and the security layer are related to Ethereum interoperability and are optional when it comes to [protocols deployment](#). If protocol (dapp) needs only high speed, it could use their own consensus and skip first two layers. When protocol needs low transaction cost, it could skip Ethereum layer but need to use security layer. The Sandbox protocol is currently used as a blockchain game and NFT marketplace and requires high speed and low fees, so it's necessary to use the security, network and execution layer.

Polygon is [criticized](#) by many people because of lax security measures that mostly revolve around multisig, the control function that controls the Polygon smart contract management key. Also, Polygon is a fairly centralized chain since as a PoS consensus protocol since number of validators is capped to 100. By using Polygon, Sandbox currently bears only the risk of centralization of PoS validators, however, compared to the entire blockchain sector and compared to other solutions (BSC 21), this is not such a big risk.

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:

Transaction [fees](#) on Polygon are low. Sandbox supports a large selection of [wallets](#) like Metamask, Trust wallet, Coinbase, Portis, Fortmatic, Argent, Coinomi and more. Users can even log into platform with Gmail, Twitter or Facebook Protocol also has integrated [bridge widget](#) for migration SAND token between Ethereum and Polygon, and use [Biconomy](#) for gasless transactions.



Sandbox has optimized the protocol for a better user experience and offers a wide range of authentication options.

Score: 10

### 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:**

Sandbox still does not have a DAO structure, however a protocol [charge](#) 5% [marketplace](#) fee and redirects that amount to the [Creator Fund](#) and [Game Maker Fund](#) to further incentivized activity on protocol. Both funds are managed by Sandbox [Foundation](#) - organization behind Sandbox protocol that support ecosystem by grants to incentivize high quality content and game production in The Sandbox. Sandbox currently dont use treasury management strategies because the priority is to develop community and increase protocol activity. According to Messari: *"The Sandbox currently utilizing on-chain voting, but will eventually enable SAND token holders to maintain governance rights over the Foundation treasury and associated proposals."*

Although the treasury is not yet publicly managed, it cannot be said that the Sandbox Foundation is poorly managed, but according to the described process it can be concluded that the Foundation treasury consists only of SAND tokens, which represents large purchasing power exposure to market conditions. Score is 4 because Sandbox treasury is under centralized management and is not publicly transparent.

Score: 4

## 3. Token Economics

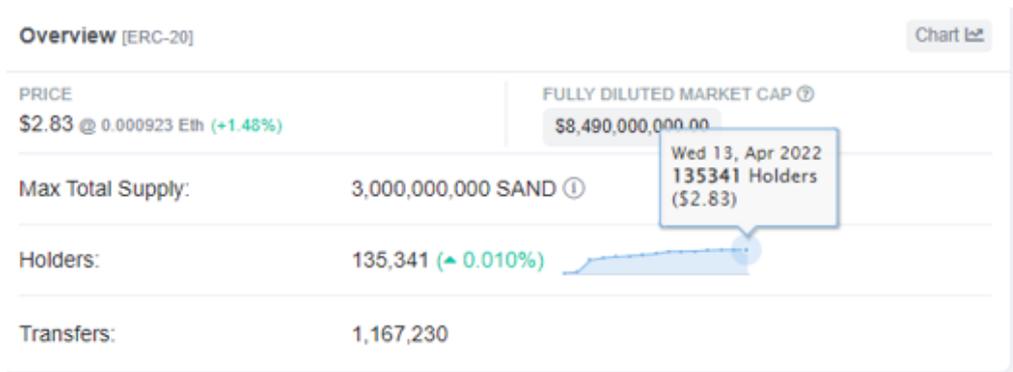
The "Token Economics" section assesses the function of a protocol's token. This includes the token distribution, its functionality, the ability of the token to incentivise desired behaviours and value capture potential.

### 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:**

At the time of writing the \$SAND token has a total number of [135341 token Holders](#) with a Maximum token Supply of 3 billion(3,000,000,000) \$SAND as seen in the image below.

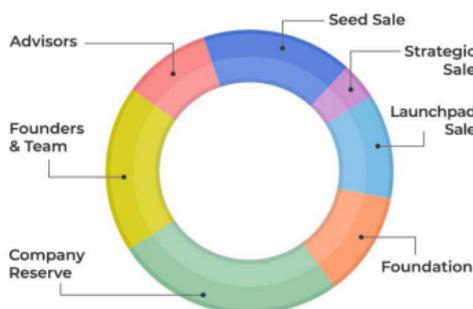


(Source: [Etherscan](https://etherscan.io))

The SAND token has a maximum supply of 3,000,000,000 tokens, and is (or will be) distributed as follows:

- Seed Sale (17.18%) equivalent to 515,277,777 tokens. This event happened in 2019.
- Strategic Sale (4%) equivalent to 120,000,000 tokens.
- Launchpad Sale (12%) equivalent to 360,000,000 tokens. This was the public sale of the token through the initial exchange offering (IEO).
- Foundation (12%) equivalent to 360,000,000 tokens. The role of the Foundation is to support the ecosystem of The Sandbox, offering grants to incentivize high-quality content & game production on the platform.
- Company Reserve (25.82%) equivalent to 774,722,223 tokens.
- Founders & Team (19%) equivalent to 570,000,000 tokens.
- Advisors (10%) equivalent to 300,000,000 tokens. According to the whitepaper these advisors are: Hashed (blockchain company), Mikhael Naayem (Chief Business Officer of Cryptokitties), Yat Siu (Founder of different tech companies), Alexis Bonte (Founder of different tech companies), and Ed fries (Early developer of Excel and Word).

### TOKEN ALLOCATION



Seed Sale	17.18%
Strategic Sale	4.0%
Launchpad Sale	12.0%
Foundation	12.0%
Company Reserve	25.82%
Founders & Team	19.0%
Advisors	10.0%

(Source: [SAND Litepaper](#))



Tokens belonging to “Seed Sale”, “Founders & Team”, and “Advisors” are 100% locked with 5 years vesting and a 12-month cliff. Below shows the token release schedule.

SAND token release schedule

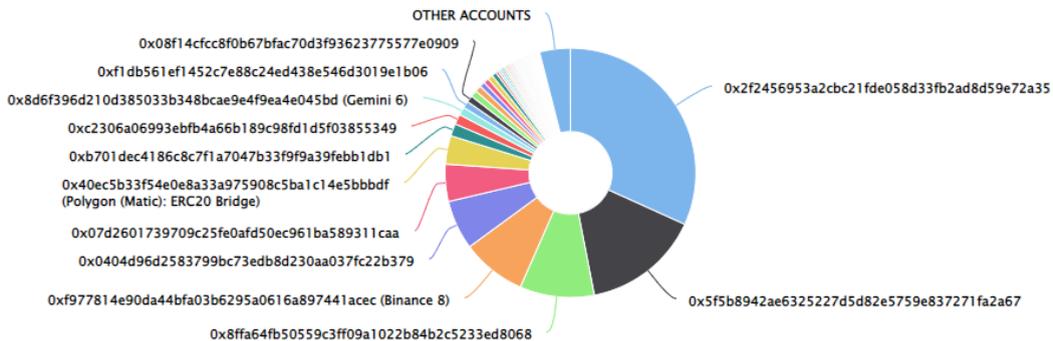


(Source: [SAND Litepaper](#))

With the distribution mechanism in place, there are currently over \$3Billions in [circulation supply market cap](#), with 135K [holder addresses](#) and The top 100 holders collectively own 96.03% (2,880,898,387.56 Tokens) of SAND as seen in the image below.

SAND Top 100 Token Holders

Source: Etherscan.io



(Source: [Etherscan](#))

Score: 13



## 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 SAND token has the following [USE CASES](#):

- **Medium of exchange:** Players can potentially collect SAND through gameplay, and subsequently spend SAND to play games, purchase equipment, or customize Avatar characters. Creators can spend SAND to acquire ASSETS and LAND. Artists can spend SAND to upload ASSETS to the Marketplace and buy GEMs for defining item rarity.
- **Staking:** Users can stake SAND tokens to earn rewards, as well as GEMs and CATALYSTs for ASSETS creation
- **Governance (at this moment is not active):** SAND will allow holders to participate in governance decisions when Sandbox implements DAO structure. SAND owners can vote themselves or delegate voting rights to other players of their choice.

Score: 6

## 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:**

According to the messari, SAND token inflation rate is [27.37%](#). High inflation is due to a staking mechanism whose APR at the time of writing is around [20%](#) and it should be noted that Sandbox also pays a 50% gas fee for Ethereum users. Although the Sandbox has 5 more tokens in its in-game economy, the SAND token is used for almost all internal operations and completely for all external, while all other tokens are tied to one or more actions within the protocol.

Sandbox staking mechanism seems to have no goal other than rewarding SAND holders with inflation, so the score is lower by -3.

Score: 7

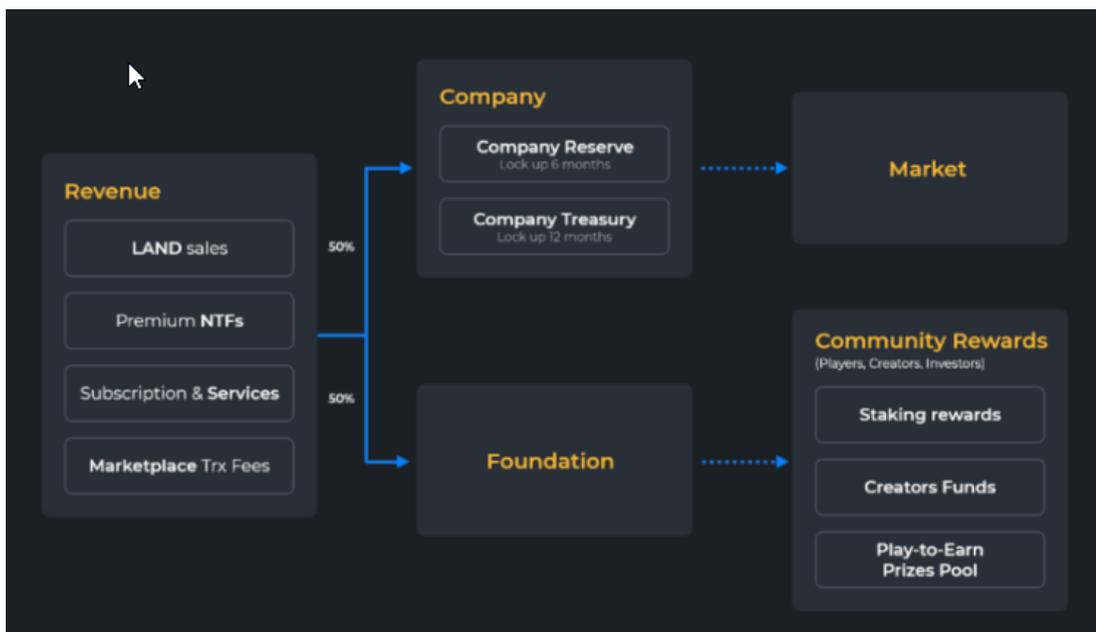


## d) Value capture (10 points)

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:**

From Binance Academy [Report](#): "The Sandbox platform utilizes a fee capture model, where 5% of all transacted value is being collected from marketplace transaction fees. The other 95% of all transacted value is collected from LAND sales, premium NFT sales, and subscription services. A total of 26.50% of all SAND transaction volume goes back into the Foundation. It is calculated as:  $5\% \times 50\% + 95\% \times 25\% = 26.50\%$ "



(source: [Binance Academy](#))

The figure above shows that the protocol captures significant value from 4 revenue streams, and that the collected value is distributed through the incentives mechanism for protocol users (creators fund, play-to-earn rewards) and through the staking mechanism for token holders.

The score is lower by -3 because staking rewards does not have a clear purpose. Staking mechanism need to serve as tool for distribution of value accrued by protocol to stakers, but but it is currently impossible to see more detailed information on protocol revenue flows because "Company" and "Foundation" (image above) act as intermediaries and do not have transparent data about that.

**Score: 7**



## e) Token liquidity (5 points)

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

**Answer:**

The Sandbox is enjoying a rise in interest from both investors and users, and more exchanges have started offering trades with the SAND token. [Binance](#) has the largest trading volume of SAND/BUSD, Other options for buying SAND include Traders can buy or sell Sandbox (SAND) on top [crypto exchanges](#) such as [Binance](#), [Crypto.com](#), [Kraken](#), [Uniswap \(V2\)](#), [Gate.io](#), [LATOKEN](#) and [FTX](#).

As seen in the image below It is evident that the Sandbox token is widely available with sufficient liquidity on [CEX](#) and it is also available on [DEX](#) with sufficient liquidity.

### The Sandbox Markets

Display Unconverted Data

Affiliate disclosures

#	Exchange	Pair	Price	Spread	+2% Depth	-2% Depth	24h Volume	Volume %	Last Traded	Trust Score
*	eToroX <span>Sponsored</span>	SAND/USD	\$2.86	0.18%	\$256,290	\$197,775	\$88,941	0.04%	Recently	<span style="color: green;">●</span>
*	Crypto.com Exchange <span>Sponsored</span>	SAND/USDT	\$2.85	0.05%	\$437,279	\$411,985	\$1,352,035	0.60%	Recently	<span style="color: green;">●</span>
1	HitBTC	SAND/USDT	\$2.85	0.12%	\$2,392,027	\$1,818,156	\$17,612,565	7.87%	Recently	<span style="color: green;">●</span>
2	Digifinex	SAND/USDT	\$2.85	0.01%	\$1,391,138	\$2,414,886	\$8,848,190	3.95%	Recently	<span style="color: green;">●</span>
3	WOO Network	SAND/USDT	\$2.85	0.04%	\$1,964,770	\$1,315,626	\$1,727,489	0.77%	Recently	<span style="color: green;">●</span>
4	WhiteBIT	SAND/USDT	\$2.85	0.1%	\$2,098,175	\$994,707	\$7,764,588	3.47%	Recently	<span style="color: green;">●</span>
5	Binance	SAND/USDT	\$2.85	0.01%	\$1,024,190	\$1,301,168	\$45,051,417	20.13%	Recently	<span style="color: green;">●</span>

(Source: [CoinGecko](#))

**Score: 5**

## 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:**

SAND token can be used for lending and borrowing, and as collateral on lending platforms [Rari capital](#) and [Cream finance](#) but usability is quite limited because high utilization rate and low liquidity level.

The score is lower by -4 because usability on mentioned protocols is very low.

**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:**

- Arthur Madrid is the Co-founder and CEO of The Sandbox visible on [Twitter](#), [LinkedIn](#) and [Crunchbase](#)
- Sebastien Borget is the Co-founder and COO of The Sandbox visible on [Twitter](#), [LinkedIn](#) and [Crunchbase](#)
- Marcelo Santurio is the CFO of The Sandbox visible on [LinkedIn](#) and [Crunchbase](#)
- Lucas Shrewsbury is the CTO of The Sandbox visible on [Twitter](#), [LinkedIn](#) and [Crunchbase](#)

The Identity of Sandbox team is publicly available on there [website](#)

The Sandbox has assembled a senior team to execute our vision: 37 resources located in our 3 offices with 24 FTE in Argentina, 11 in France, 2 in Korea, and 1 in Japan. The team includes video-games experts from AAA companies and top-notch blockchain engineers who co-authored the ERC-1155 NFT token standard and more.

**Score: 10**

### 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:**

[Arthur Madrid](#) is the Co-founder and CEO of The Sandbox (HK), CEO of Pixowl (US), Advisor of Animoca Brands (AUS) and a longtime social-gaming entrepreneur with 3 personal exits. Angel investor (30 active and 2 exits), Arthur began his career building a Video On Demand delivery platform for Media companies, and developed Social Games for the last 15 years. Now, he is focusing on Blockchain Gaming to build the next generation of Gamers with Digital Ownership, Play to Earn and Digital Governance.

[BORGET Sebastien](#) is an Entrepreneur with 14 years experience in growing startups. 4 years in Blockchain and 11 years in Mobile Gaming. Worked for numerous startups with diverse business models as advisor.



Sébastien is the Co-founder and COO of The Sandbox, a unique virtual world where players can build, own, and monetize their gaming experiences using NFTs & SAND, the main utility token of the platform.

Sebastien also became the President of the Blockchain Game Alliance in 2020, a non-profit organization of 250 key members of the industry. He was recently named in the Top #100 most influential people in crypto by CoinTelegraph <https://cointelegraph.com/top-people-in-crypto-and-blockchain/sebastien-borget>

Sebastien holds a Computer Science Engineer Degree from Telecom SudParis, one of France's leading graduate school of engineering in Information and Communication Technology.

[Marcelo Santurio](#) CFO is the Senior executive with + 20 years of international experience growing global companies in Crypto, Gaming, Gambling, Telecoms and Fintech

[Lucas Shrewsbury](#) is an Experienced Chief Technology Officer (CTO) with a demonstrated history of working in the entertainment industry. Strong information technology professional skilled in Python, C++, Mobile, Web and Agile Methodologies.

Beyond the leading team, The Sandbox has over [40 team members](#) each having relevant experience in their roles

**Score: 13**

### c) Thought leadership and public presence (10 points)

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

**Answer:**

- CEO Arthur Madrid is featured in numerous industry and trade media, and serves on the board for Animoca Brands. As co-creator of the franchise, he guides the overall vision and direction for The Sandbox project. Arthur Madrid has also been publicly part of GAMERS SECTION: SANDBOX and PANEL: ARE BLOCKCHAIN GAMES, REALLY GAMES? Check [here](#).
- Arthur is an advisor for a few startups in gaming, social media and software.
- COO Sebastien Borget is President of The Blockchain Game Alliance and is featured in countless summits, interviews and industry opinion media coverage.
- Arthur Madrid, CEO of The Sandbox has featured in various youtube podcast on discussion on [how NFT's are changing the job market](#) and also had a section Mobile Growth Submit with a discussion on [The Case For Blockchain Games](#)

The Sandbox ranked [13th among the Top 50 Blockchain Games Companies of 2020 report by DappRadar](#). This confirms the Sandbox leadership position in the space

**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:**

[The Sandbox](#) has raised \$93 million in a funding round led by SoftBank to help grow its virtual world based on [nonfungible tokens](#).

[The Sandbox](#) is the first investment into crypto assets by SoftBank Vision Fund 2, though SoftBank also invested \$680 million in Sorare, a Paris-based NFT fantasy soccer game maker with 30 employees. Arthur Madrid, CEO of The Sandbox, said in an interview that the funding will help the company grow beyond gaming into economies such as fashion, architecture, virtual concerts and shows, art galleries, museums, and more. Madrid and his cofounder Sebastien Borget said they want to build the metaverse.

The company will use the money to hire people, develop more creative tools for players, add multiplayer, expand the number of intellectual properties and brands that are part of The Sandbox, grow user acquisition, and build better infrastructure.



Image: ([The Sandbox has raised \\$93 million](#))

The Sandbox, the company started selling its virtual real estate as NFT-based digital property, and the brands came swarming in. Brands and celebrities and game companies such as The Walking Dead, Snoop Dogg, and Atari have all purchased segments of virtual land, and The Sandbox has sold more than \$144 million in gross merchandise value for



its land. The game has over 12,000 virtual land owners, including 165 brands, and more than 500,000 registered wallets. It is evident that the community has foster, attract and coordinate sufficient resources for the community to enable individuals in building, owning, and monetizing their gaming experiences on the Ethereum blockchain using the platform's utility token SAND. Players that create digital assets in the form of Non-Fungible Tokens (NFTs), upload them to the marketplace, and integrate them into games with Game Maker.

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:

Sandbox currently has not implemented a governance system.

Score: N/A

### 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:

See 5a

Score: N/A



### 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:**

See 5a

**Score: N/A**

### 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:**

See 5a

**Score: N/A**

## 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:**

Onboarding on Sandbox is easy and free, completely adapted for beginners. Game Maker and VoxEdit are tools for creating games and NFTs for Sandbox metaverse but for proper use it is necessary to go through some tutorials. Sandbox [tokenomics](#) is quite complex with 7 fungible tokens: \$ SAND, \$ LAND, \$ESTATE, \$GAMES, \$ ASSETS, \$GEMS and \$CATALYSTS. Thanks to the tradeable nature of these user-generated assets within its virtual world, the Sandbox has robust in-game economics. User can [buy \\$\\$SAND](#) token from any approved crypto exchange, swap on Uniswap DEX or buy with a credit card on Simplex exchange.

Currently, games and tools are [available](#) only for PCs, and because of that score is lower for -2. Additional -2 points on score because of a quite complex token system which can potentially create more factors that affects game dynamics.



Score: 11

## b) Sustainability of P2E or in-game economy (20 points)

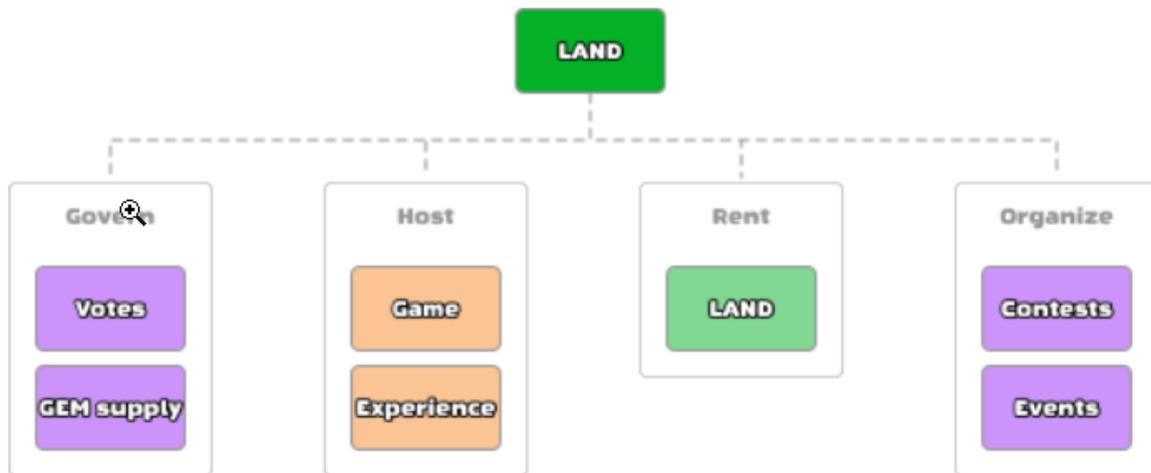
This section scores the sustainability of the in-game economy. Does it rely on the ever-increasing growth to sustain the ecosystem? Are there multiple levers the team can pull to balance the economy?

**Answer:**

Sandbox in-game economy has 6 tokens:

**\$LANDS** are blockchain-backed tokens (using the ERC-721 standard for non-fungible tokens, aka NFTs) representing physical parcels of The Sandbox Metaverse. They allow players to own a portion of the Metaverse and thus be able to host content (**ASSETS** and **GAMES**). LANDS can be combined together to form \$ESTATES (respecting specific quad sizes such as 3x3, 6x6, 12x12, 24x24).

In the future, \$ESTATES will have the potential to be owned by multiple players to form \$DISTRICTS.

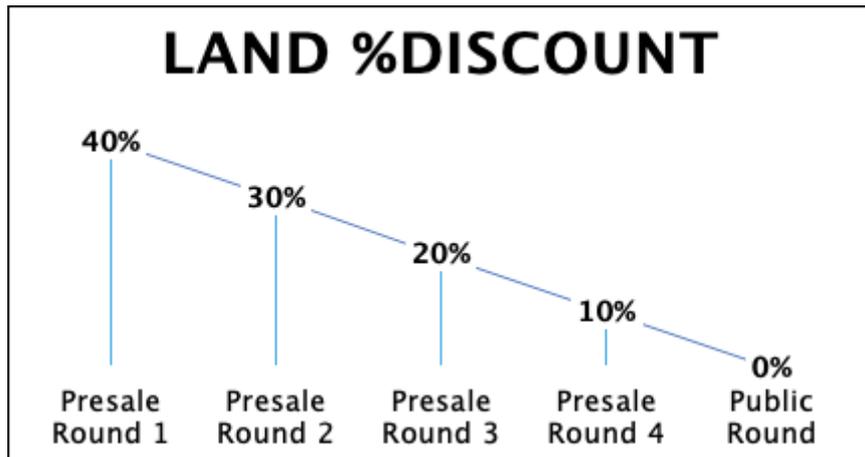


(source: [LAND tokenomics](#), Medium)

There will never be more than 166,464 LANDS distributed in this way:

- 123,840 LANDS (~74%) are available for sale in total
- 25,920 LANDS (~16%) will form the Reserve, that will be distributed to partners, creators, and gamers as rewards
- 16,704 LANDS (~10%) will remain the property of The Sandbox. They will be used to host special events, feature exclusive games and ASSETS

Public LAND price in pre-sale is 48 USD held in 5 pre-sale rounds with following discount:



(source: [LANDS token-economics](#))

**\$ASSET** Any entity that is designed with the intention to add a level design elements into the game maker, or use it as an equipment for your avatar. ASSETS can be either used for in-game experiences, to fill a LAND to create game experiences, or to be traded and monetized on the blockchain. It can be created from scratch, uploaded to marketplace and monetize on blockchain.

**\$GEMS** and **\$CATALYSTS** are ERC-20 tokens that can define tier, scarcity and attributes of user \$ASSETS. Catalysts have four different tiers, which define the number of sockets and the scarcity of your ASSETS (Common, Rare, Epic, Legendary). Gems are utility tokens burnt on usage that defines ASSETS attributes.

Sandbox in-game economy is sustainable, because every token in the system is connected with user action. The LANDS token is used to regulate lands market with two high-order tokens - ESTATES AND DISTRICTS which should serve as regulation in case of excessive concentration of property (tax, other costs). ASSETS token reflect usage of VoxEdit application and GAMES serve as currency for Game Maker sub-economy. In the event of a sudden increase or decrease in the use of Game or NFT creator tools, this will be reflected in their tokens.

Score is lower for -5, because Sandbox economics design didn't have real tests that confirmed sustainability, and there are a lot of open questions, since the metaverse token economy is a more complex system of the existing ones.

**Score: 15**

## c) Utilisation of NFTs (15 points)

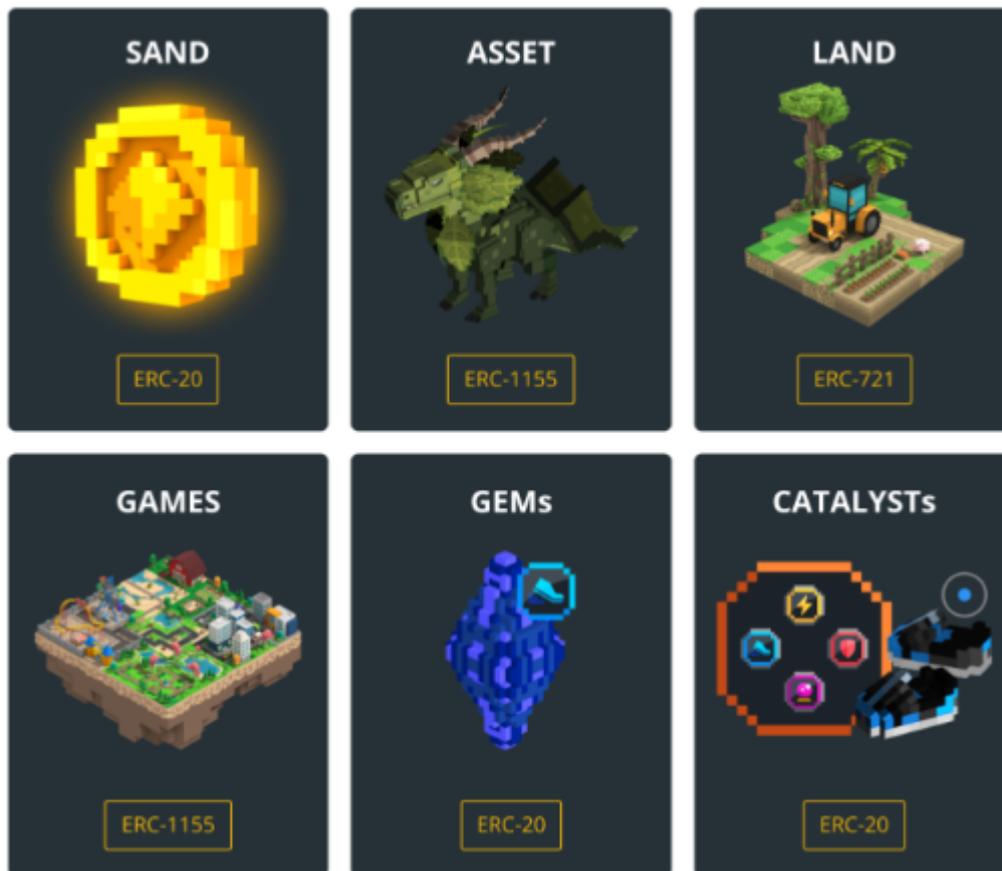
NFTs are the fundamental building block of NFT gaming projects and enable open and transparent in-game economies. Can everything in the game be owned by players (Land, Character, Items) as an NFT, or is it limited? Once owned, can items be traded freely?

**Answer:**

The Sandbox in-game economy uses three token standards for six different tokens:



## Types of tokens in the Sandbox ecosystem



(source: [Cointelegraph](#))

Fungible tokens and NFTs have different purpose in the in-game economy. Fungible tokens are useful for flexible management over protocol monetary economy or sub-economy and are most commonly used in combination with monetary mechanisms such as staking and burning. On the other hand, NFTs are most often intended for individual experience, so it can be seen in the Sandbox example that they connect with land owners, game creators and Vox editors where they serve as proof-of-ownership for individuals. Unlike fungible tokens, NFTs can be upgraded and designed for a more complex purpose on a unit base so that they are more suitable for in-game use.

The use of fungible and non fungible tokens depends on the protocol, and since Sandbox is a virtual world with a more complex economy and more different user roles, tokens need to be adapted to each interest group.

Sandbox systematically uses multiple types (standards) of tokens and all relevant in-game assets are NFTs or fungible tokens that upgrade NFTs.

Score: 15



## About the Authors:

Makkiyzy &

Name: Marin (dabar90)

Background:

Economist by profession, over 4 years in crypto/web3 space and most interested in token-economics, cryptoeconomics design, Defi and Gaming

[Twitter](#): dabar90

[Discord](#): dabar90#7087

[Quora](#)

