

# The Graph (GRT) Investment Committee Materials

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Jan 8, 2024

# Executive Summary

- The Graph is a leading indexing protocol, facilitating access to on-chain data for a wide range of users.
- It has a B2B2C model, where consumers pay to query APIs of on-chain data, known as "subgraphs," via the intuitive GraphQL API.
- DeFi protocols like Aave, Synthetix, and Uniswap currently leverage subgraphs from The Graph to power their interfaces.



## Highlights

**Decentralized Indexing:** The Graph plays a pivotal role in the decentralized ecosystem, providing efficient and decentralized indexing solutions for blockchain data.

**Wide User Base:** Catering to both businesses (B2B) and end consumers (B2C), The Graph has established a broad user base, contributing to a growing network effect.

**Collaborations and Partnerships:** Strategic collaborations with prominent blockchain projects and partnerships with key industry players showcase The Graph's commitment to fostering a robust blockchain ecosystem.



- Founded in 2018
- Headquarters: San Francisco Bay Area, Western US
- Contact Email: [info@thegraph.com](mailto:info@thegraph.com)
- Phone Number: +1-707-400-6772

## Key Risks

**Regulatory Uncertainties:** Ongoing regulatory developments may impact the cryptocurrency space, potentially affecting The Graph's operations. Regular monitoring and proactive compliance efforts are essential.

**Competitive Landscape:** The decentralized indexing sector is dynamic and competitive. The Graph needs to continuously innovate to maintain its market position and address emerging competition.

**Market Sentiment:** Cryptocurrency markets are susceptible to fluctuations based on sentiment. The Graph's value may be influenced by broader market dynamics, necessitating a strategic approach to navigate through market cycles.

# Token Description

- The Graph (GRT) is the native utility token of The Graph protocol, a decentralized indexing and querying protocol for blockchain data.
- It addresses the challenge of efficiently accessing and querying on-chain data in a decentralized ecosystem.

## Target Market / Customer:

**Developers:** The primary users are blockchain developers seeking efficient and decentralized data solutions for their applications.

**dApp Users:** End-users of decentralized applications benefit from a more seamless and responsive experience due to improved data access.

## Financials / Token Monetization:

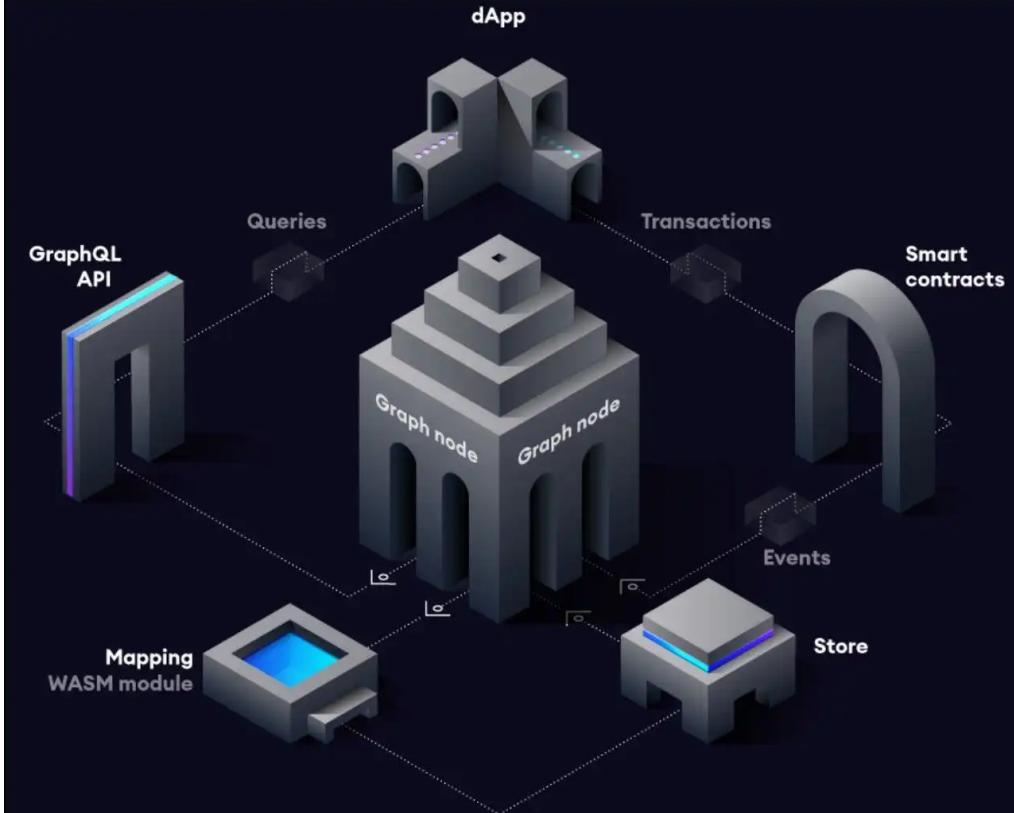
**Indexing and Query Fees:** Developers pay GRT to deploy and query subgraphs, compensating Indexers for their services.

**Curator Incentives:** Curators, who signal on valuable subgraphs, earn a portion of query fees, aligning their interests with the success of well-used subgraphs.

**Delegator Rewards:** Token holders can delegate their GRT to Indexers, earning a share of the query fees generated by the delegated stake.

**Protocol Governance:** GRT holders participate in governance, influencing protocol parameters and upgrades.

The Graph Network Workflow



The Graph Protocol Roles



# Investment Thesis

## What We Need to Believe in to Invest?

1. **Decentralized Future:** Belief in the continued growth of decentralized technologies and the pivotal role of The Graph in powering decentralized applications.
2. **Network Effect:** Confidence in the network effect, with The Graph's expanding ecosystem and increasing adoption driving long-term value.
3. **Resilience to Regulatory Changes:** Understanding the risks associated with regulatory uncertainties while trusting The Graph's adaptability and commitment to compliance.

## Why Now / Macro Trends

1. **Optimism in the Crypto Market:** Bitcoin surpassing \$45,000 signals renewed optimism after the crypto winter, reflecting a positive sentiment across the broader market.
2. **SEC Spot ETF Decision:** Anticipation of a spot Bitcoin ETF approval by the SEC, potentially triggering a significant capital influx into the crypto space, benefiting major cryptocurrencies, including GRT.
3. **Crypto Fear and Greed Index (71 Greed):** Acknowledging the current market sentiment (Greed), aligning with the potential for higher returns in times of optimism.

## What is the angle?

**Long-Term Growth Portfolio:** The strategy is to buy, hold, and nurture a portfolio of strong projects, with The Graph as a key player in the decentralized future.



# Financial KPIs

	Metric	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Network	Subgraphs	496	618 24.6%	776 25.6%	1,082 39.4%	1,322 22.2%
	Indexer	219	292 33.3%	460 57.5%	325 29.3%	193 40.6%
	Delegators	10.1K	11.0K 9.0%	11.3K 2.3%	11.5K 1.7%	39.9K 247.3%
	Curators	2.5K	2.5K 2.4%	2.6K 1.1%	2.6K 2.8%	2.8K 5.4%
Financials	Revenue from Usage Fees (USD)	\$63.9K	\$62.3K 2.4%	\$88.9K 42.6%	\$46.6K 47.6%	\$22.4K 51.9%
	Revenue from Usage Fees (GRT)	592.6K	895.5K 51.1%	513.4K 42.7%	363.4K 29.2%	229.0K 37.0%
	Indexing Rewards (USD)	\$7.9M	\$6.0M 25.0%	\$8.9M 48.9%	\$9.1M 2.3%	\$7.3M 19.2%
	Indexing Rewards (GRT)	70.2M	80.5M 14.6%	71.0M 11.8%	72.0M 1.4%	72.9M 1.3%

Data as of: September 30, 2023

Percentages in italics reflect QoQ changes.

Source: The Graph, Messari

Monthly usage fees vs query volume



While query volume grew 39% QoQ, query fees decreased 52%

Data as of: September 30, 2023

Source: The Graph, Messari

If The Graph reached the market cap of:

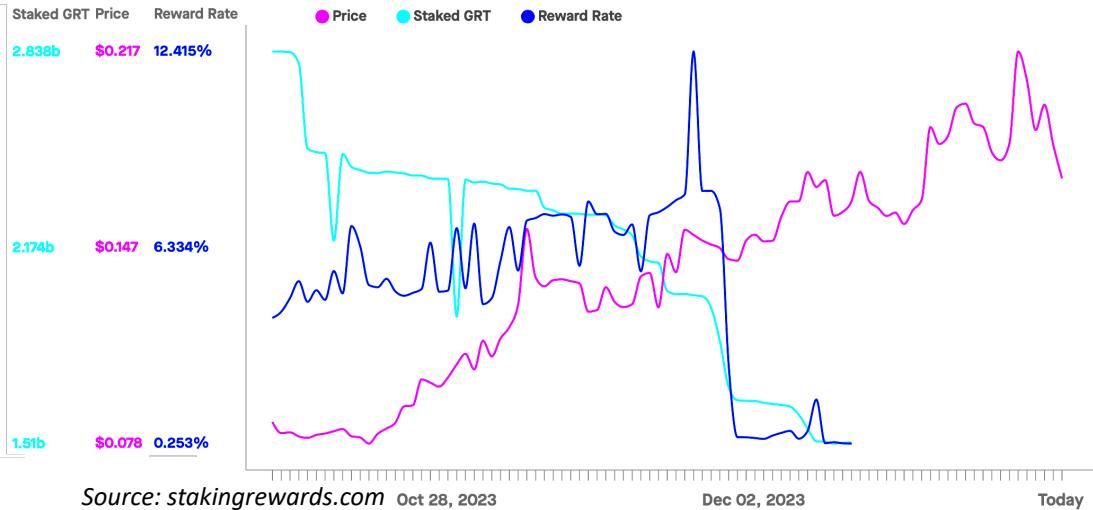
1	BTC Bitcoin	\$856.9B	GRT The Graph	Current GRT Price: \$0.17
2	ETH Ethereum	\$269.0B	GRT The Graph	Potential Price: \$28.73
3	USDT Tether	\$93.4B	GRT The Graph	Potential Upside: 168x
4	BNB BNB	\$47.0B	GRT The Graph	Current GRT Price: \$0.17
5	SOL Solana	\$41.1B	GRT The Graph	Potential Price: \$5.02

- Market Cap: \$1.61B
- Trading Volume: \$80.31
- Circulating Supply: 9.36B
- ATH: \$2.35

Source: The Coin Perspective

# Returns

## GRT's historical growth: price, staking, reward rate



## Returns on Investment:

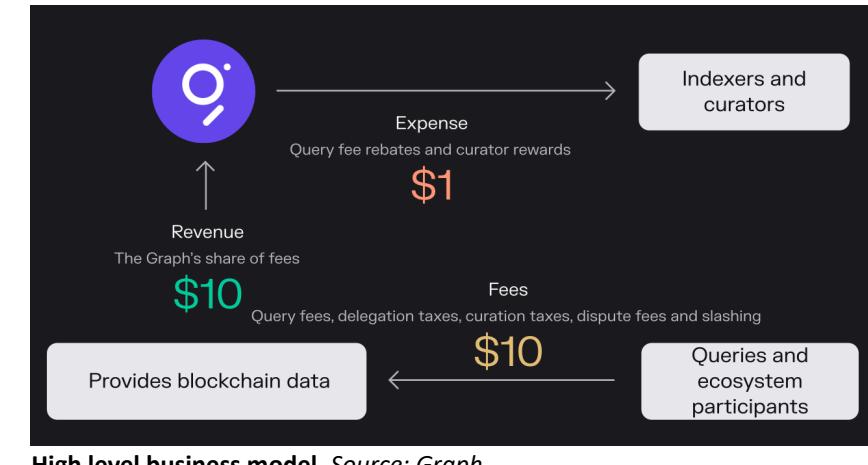
- ICO price: \$0.03, ROI: 5.75x



	Delegator	Curator	Indexer
<b>Skill</b>	Easy (non-technical)	Moderate (Semi-Technical)	Advanced (highly technical)
<b>Risk</b>	Low-Delegators do not get Slashed	Moderate, staking on poor subgraphs can result in negative return	High, knowledge of server operation/maintenance required, downtime and incorrect data will result in portion of stake being slashed
<b>ROI</b>	Positive, but dependent on Indexer	10% of Query fees for a given subgraph	High, Indexers earn the bulk of the Network revenue, competitive market of Indexers with individual pricing models

## Usage fees accrued from subgraph usage on The Graph's Network

The Graph's demand-side revenue (\$1000) over time



High level business model. Source: Graph

# Team, Tokenomics, Investors



**Tegan Kline**  
Co-Founder  
CEO at Edge & Node



**Jannis Pohlmann**  
Co-Founder  
CTO at Edge & Node



**Brandon Ramirez**  
Co-Founder  
Developer



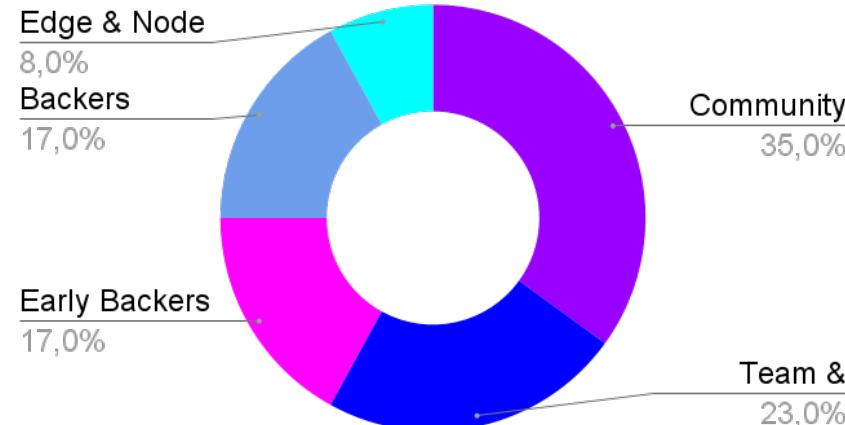
**Yaniv Tal**  
Co-Founder  
Project Lead



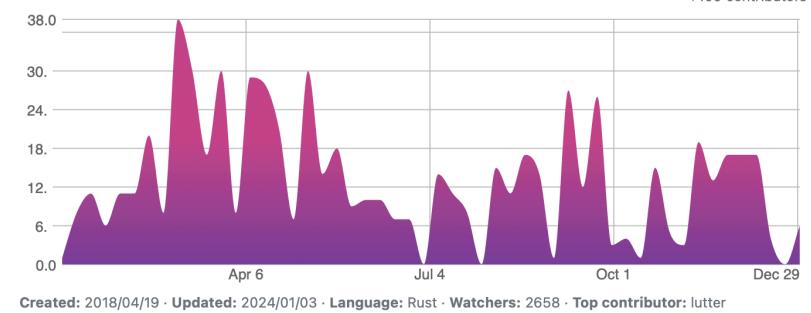
**Eva Beylin**  
Director of The Graph Foundation  
eGirl Capital

The team combines expertise in blockchain technology, functional languages, business management, combined with previous experience in creating ventures, implements a holistic approach to development.

- Diverse Skill Set
- Passion for Web3
- Proven Track Record



## 37. The Graph · GRT



Github commit history shows consistency in development, and ranked 37th among 200+ leading crypto projects. Source: CryptoMiso

## Investments in Graph

Date	Capital	Description	Participants
Jan 2019	\$2.5M	Seed Round	Multicoin Capital
Jun 2020	\$5.1M	Token sale	Framework Ventures, Coinbase Ventures, CoinDesk parent Digital Currency Group, Multicoin Capital, DTC Capital
Oct 2020	\$12M	ICO	Investors
Jan 2022	\$50M	Token sale	Tiger Global Management as lead investor
Feb 2022	\$205M	Launch of ecosystem fund	Digital Currency Group, Multicoin Capital, Reciprocal Ventures, gumi Cryptos Capital, NGC Ventures, and HashKey

## Investments made by Graph

Date	Company	Money raised	Description
Apr 2021	Sommelier	\$1M	R&D grant from The Graph Foundation
Jun 2021	StreamingFast	CA\$73.5M	Grant, core developer on The Graph
Sep 2021	Pollen	\$5M	Series A, The Graph as lead investor
Oct 2021	Nerve Global	\$7.5K	Grant, The Graph as lead investor
Dec 2021	The Guild	\$48M	Grant to join The Graph as a core developer
Apr 2022	Nomad	\$22.4M	Seed Round
Dec 2022	Web3 Working Group	\$2M	Seed Round

Source: Crunchbase, PitchBook, Chain Broker

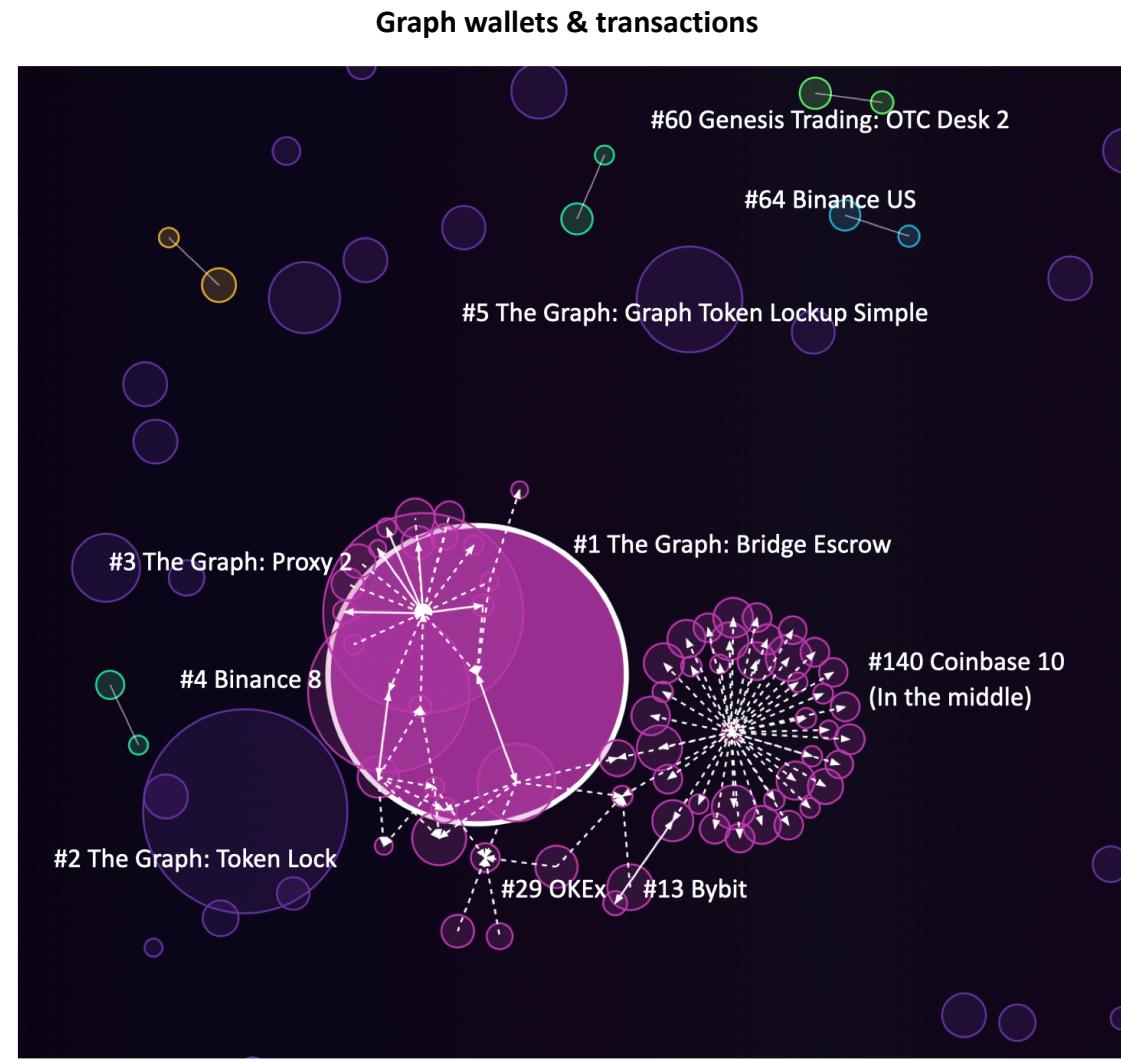
# Market Size and Segments, On-chain Metrics

- Total market size: \$299,323,320,000
- Graph's dominance: 0.1025 %
- Key subsegments: Data Indexing and Query Protocols, Decentralized Data Marketplaces, AI and Blockchain Integration
- Total Value Locked (TVL) in DeFi protocols: \$ 74.442B
- 21,775 Holders (Tot balance > 0)
- Delegators: ~40K
- Indexers: 193
- Curators: 2.8K

Key ecosystem participant.



Source: Graph, Messari



Source: Bubble Maps, latest date 2024-01-01

# Competitive Environment

- **Dominance and Adoption:** The Graph (GRT) holds a significant market dominance (0.1025%) among its competitors, indicating widespread adoption and trust in its protocol.
- **Proven Utility:** With seven rounds of development, The Graph has demonstrated its utility and resilience in the market, providing indexing and query solutions for Web3 applications.
- **Robust Team:** The experienced team of Yaniv Tal, Brandon Ramirez, and Jannis Pohlman brings a wealth of knowledge, contributing to The Graph's success in the competitive landscape.
- **Growing Ecosystem:** The Graph's ecosystem boasts over 3,000 subgraphs deployed by thousands of developers, creating educational materials and programs showcasing a vibrant and expanding community.

Biggest player in the Data Indexing / AI space.

CMC Rank	Name	Market Cap	Circulating Supply (in tokens)	Total Supply (in tokens)	Dominance	Rounds	Utility	Team	Overview
#46	<a href="#">The Graph (GRT)</a>	\$1,695,058,870	9,364,035,780	10,792,644,395	0.1025 %	7	Yes	Yaniv Tal, Brandon Ramirez and Jannis Pohlman	Indexing and query protocol for Web3 using GraphQL
#101	<a href="#">Fetch.ai (FET)</a>	\$565,519,492	828,940,710	1,152,997,575	0.0342 %	5	Yes	Humayun Sheikh, Toby Simpson, and Thomas Hain	Decentralized network for digital representatives to find, communicate, and trade
#141	<a href="#">SingularityNET (AGIX)</a>	\$346,608,753	1,249,851,019	1,364,518,502	0.0209 %	6	Yes	Ben Goertzel	Decentralized marketplace for AI algorithms.
#176	<a href="#">Ocean Protocol (OCEAN)</a>	\$257,030,543	568,381,103	1,408,900,141	0.0156 %	8	Yes	Bruce Pon and Trent McConaghy	Decentralized data exchange protocol that lets people share and monetize data
#333	<a href="#">iExec RLC (RLC)</a>	\$107,731,610	72,382,548	86,999,785	0.0065 %	1	Yes	Gilles Fedak and Haiwu He	Blockchain based decentralized cloud computing

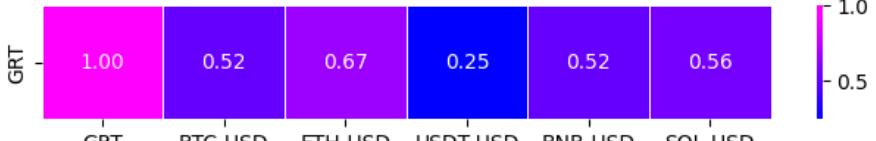
Source: CoinMarketCap

# Pricing

**GRT vs BTC.** Source: CoinMarketCap



Correlation of The Graph (GRT) with Other Cryptocurrencies



- Due to Graph's tech nature its performance is influenced by factors beyond general cryptoc trends. This uniqueness can contribute to a more resilient portfolio.
- Holding GRT alongside these major cryptocurrencies can enhance overall diversification or even act as a form of position hedging.

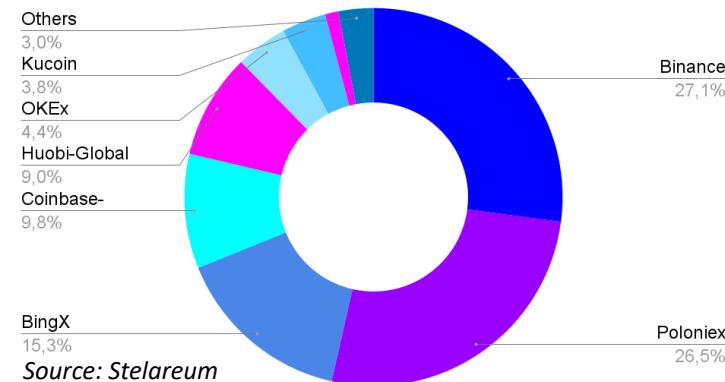


**Sentiment: X (Twitter) Score.**

“Score generated by TwitterScore.io based on the popularity of this account in crypto space.”

Source: [TwitterScore.io](#)

**GRT liquidity distribution by markets**



Timeframe	5 Min	30 Min	1 H	4 H	1 Day
Ratio	2.12	2.13	2.13	2.13	1.66
Long	67.96 %	68.03 %	68.03 %	68.03 %	62.43 %
Short	32.04 %	31.98 %	31.98 %	31.98 %	37.58 %

**Long/Short ratio on 05/01/24.** Source: Coinalyze

“I haven't seen it [selling] affect it [private market evaluations or deal pace], and I would be surprised if it does.”

“The Graph was built in a bear market and most of the best projects and infrastructure today.”

— Eva Beylin, Odd Lots, Bloomberg

**Multiples**



Circulating market capitalisation vs number of tokenholders



Trading value vs revenue

Source: Token Terminal, CoinGecko

# Real Sector Analogues



## Google

- EV: \$1.708 Trillion
- Search Engine
- Average 8.5 billion searches per day
- Graph has 1.4 billion queries per day



## Bloomberg

- EV: ~\$22.5 Billion (private company)
- > 325,000 Terminal subscribers
- financial, software, data, and media company



## Amazon Web Services

- Provides on-demand cloud computing platforms and APIs to individuals, companies, and governments, on a metered, pay-as-you-go basis.
- Revenue: \$80 Billion in 2022



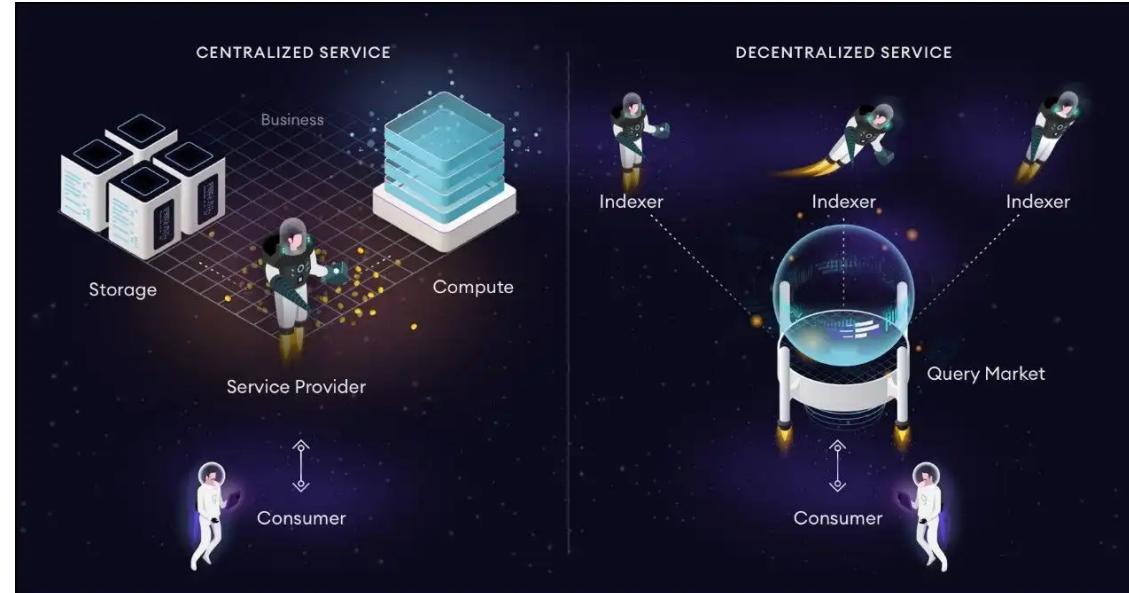
## Tableau

- Software for interactive data visualization and business analytics.
- Founded in January 2003, acquired by Salesforce for \$15.7 Billion on August 1, 2019.

### Crypto Report: The Graph Is the 'Google of Blockchains'

Bloomberg Technology - TV Shows  
May 4th, 2022, 2:02 AM GMT+0300

Headline from an interview with Eva Beylin. Bloomberg



- Consumer economic models compared.  
Source: Graph

# Regulatory Landscape

*Ongoing regulatory developments in the crypto industry pose both challenges and opportunities.*

## 1. Spot Bitcoin ETF Anticipation:

*Context:* Expectation of a spot Bitcoin ETF approval in Q1 2024.

*Potential Impact:* Anticipated capital influx into the crypto market may positively affect major cryptocurrencies, including GRT.

## 2. SEC Regulations and Enforcement:

*Context:* Ongoing SEC actions against exchanges like Coinbase and Kraken.

*Potential Impact:* Clearer guidelines on token classification as securities may result from regulatory actions, affecting projects like The Graph.

## 3. SEC Rulemaking Agenda:

*Context:* SEC's rulemaking agenda, including rules targeting investment advisors and expanding the definition of regulated exchanges.

*Potential Impact:* Finalization of these rules may influence operations and compliance for entities like The Graph.

## 4. IRS Tax Regulations:

*Context:* Proposed IRS rules related to taxing crypto assets.

*Potential Impact:* Implementation of these rules may introduce new tax considerations for GRT and other cryptocurrencies.



*The seal of the U.S. Securities and Exchange Commission (SEC) at headquarters in Washington, D.C.*

# Key Risks and Mitigations

Likelihood

		Impact
Likelihood		
Technological advancements by competitors.	Potential bans or restrictions on crypto.	Smart contract vulnerabilities.
Continuous Innovation: Invest in ongoing R&D to maintain a competitive edge and offer cutting-edge solutions to users.	Global Diversification: Establish presence in regions with favorable regulations, reducing reliance on any single jurisdiction.	Regular Code Audits: Conduct frequent audits of smart contracts to identify and rectify vulnerabilities proactively.
Slow adoption of decentralized technologies.	Network congestion affecting indexing.	Evolving and uncertain regulatory landscape.
Community Engagement: Increase education and awareness to promote the benefits of decentralized technologies for broader adoption.	Scalability Measures: Implement solutions to enhance network scalability, such as optimizing indexing algorithms.	Regulatory Compliance: Stay updated on regulations, actively engage with regulators, and adapt protocol to comply proactively.
Token classification uncertainties.	Fluctuations in crypto market dynamics.	Inadequate governance structure.
Legal Consultation: Seek legal counsel to clarify token status and actively participate in discussions to influence favorable classifications.	Diversification Strategy: Create a diverse ecosystem and explore partnerships to minimize the impact of market fluctuations.	Transparent Governance: Strengthen governance transparency and include community input to ensure well-informed decisions.

Risk matrix



SWOT analysis