A picture containing diagram

Description automatically generated**Background and price history**

What led to the project's creation?

What are the general functions of the project?

How long has the project been in existence for?

Who are the key individuals? (you can refer to the project's website for further information)

Is there anything unique you find about this project that stands out to you?

**Regulatory and Legal outlook**

There are several legal issues which concern blockchain and cryptographic technologies. You are tasked with applying the law accordingly, conducting further research where necessary. Here are the main laws in existence currently that you can research (*No need to go into too much detail).*

* Financial Action Task Force (FATF)
* AMLD 5
* MiCA
* MiFID II

**Use Cases/Value Proposition/Functioning products**

What is the selling point of the project?

Why would someone use the proposed project over another?

What benefit does it bring that you cannot find or replicate yourself?

How does the project provide a unique and sustainable competitive advantage to its users? Are the products faster? More efficient ? Cheaper? More scalable ? etc.

**Reliability**

This section will be a paragraph summarizing your opinion on the reliability of the asset. You will take into account the following metrics and feel free to explore yourself and include any you deem important.

Has the protocol been hacked? how safe are your funds when using the protocol? How long has the project been around? are there any concerns about the native tokens or project teams? Do the fee’s maintain a fixed rate? Etc etc etc etc etc.

| Name: |  |
| --- | --- |
| Cryptoasset: |  |

**Key risks and competition/Peer Comparison:**

In this section we take a look at how we can assess a project’s viability in comparison to other projects of a similar nature.Like the previous section where we learned how to figure out the “use case” of a project, useful key metrics to focus on when comparing two projects are the following:

| **Metrics** | **Asset 1** | **Asset 2** | **Asset 3** | **Asset 4** |
| --- | --- | --- | --- | --- |
| Launch Date |  |  |  |  |
| Circulating Supply |  |  |  |  |
| Maximum Supply |  |  |  |  |
| TPS |  |  |  |  |
| Block Time |  |  |  |  |
| conversion between crypto and fiat currencies |  |  |  |  |

**Fee structure / cost of use**

We are looking for the explanation of the transaction fee process for the protocol/project you are researching.

Fee structure is important to consider when analysing a blockchain project i.e if the fee charge is too high the protocol won’t be used.

We want to see a brief explanation of key terms native to protocol being explained for example with Ethereum ETHER (ETH) is the native currency and the gas price (fee) is denoted in “gwei” which is 0.000000001 ETH.

**Developer Activity/Talent Attraction/Team Involved:**

When analysing a blockchain company or project, you may see buzzwords with little substance. However, more times than not, the project is a scam and there never really was a team.

Being able to access the quality and presence of a team and community for a project can assist you greatly in being able to spot a good project out of a shady lot.

* We want you to look at github activity. -
* Developers socials media’s - [vitalik.eth (@VitalikButerin) / Twitter](https://twitter.com/VitalikButerin) 3.2 million followers
* Project’s website -
* How active the community is – i.e. are applications being built on ethereum?

Highlight any concerns you may have?

**Level of centralisation vs decentralisation:**

Decentralisation is the main selling point of a crypto project or asset. If a project is not decentralised then there really is no reason in choosing it over centralised platforms such as Google, Amazon or Meta.

How to analyse if a project is decentralised?

1. First make yourself aware of what decentralisation really means.
2. Look at the governance of the project. (How decisions are made, how votes are cast)
3. If the project is using Proof of Work mining, how much mining m

**Open/closed source (Transparency):**

Open source is source code that is made freely available for possible modification and redistribution. Products include permission to use the source code, design documents, or content of the product.

The open-source model is a decentralised software development model that encourages open collaboration. How open is the project’s software and have they an open collaborative culture?

**Authenticity and Security:**

How secure is the blockchain? For example, look at the blockchain’s consensus mechanism. Proof of stake blockchains are less secure than proof of work so take that into account. Look into any other security issues you think are relevant. For authenticity look at how original the blockchain is i.e., what did it do first or pioneer?

**Network effects/Adoption strategy:**

What are they doing to promote their blockchain over the others? Some blockchains prefer to spend more time making their blockchain efficient from a technical standpoint while others create a lot of hype to onboard users. Discuss these aspects and make an evaluation on their marketing strategy.

Myspace was the first proper social media site but it didn’t capitalize on its first mover advantage and got overtaken by Facebook. Ethereum is the first layer 1 to allow for programmable business contracts called smart contracts, will it retain its first mover advantage or be overtaken like Myspace. Look at aspects which may hinder or aid the blockchain’s network effec**t.**

**Consensus Mechanism**

A consensus mechanism is a fault tolerant way that blockchain systems agree on the state of the network among all the distributed nodes which guarantees synchronisation. To ensure that all transactions on the network are genuine and all participants agree on a consensus on the status of the ledger which automates the process and provides security to the network.

What consensus mechanism does the project have? What are the pros and cons?

**Tokenomics**

Tokenomics covers the economics and game theory behind a project’s token. It covers all aspects from the coin’s creation, distribution, supply, management and even removal from the network.

For projects to become self-sustaining, they need to figure out how tokens should work within their ecosystem. An example of poor tokenomics might be Shiba Inu who sent 50% of their supply to one holder - Vitalik Buterin, who then burned the tokens.

**Scalability**

Blockchain scalability is the expansion of a network in digital space in terms of transaction processing speeds and processing power to accommodate the addition of new applications and the increase in user operations.

In your analysis, investigate a blockchain’s ability to scale through the context of the “Blockchain Trilemma”. Is the trade-off of scalability for greater decentralisation worth it, etc.

**Personal Outlook**

Give your final assessment of the asset based on all the research you have conducted.

Some elements to consider:

* 5 year outlook
* likelihood of success
* Is it the best option on the market
* Strengths and Weakness
* Price prediction for 2022 End of Year