



Fundamental Report

Prime Rating Report V2.1

Protocol: Saffron Finance

Version:

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Previous Report: [Link to previous report](#)

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Season/competition: Season 2

Instructions

Please go to files and make a copy of this template. Fill in all questions with a written explainer, any relevant links, and score per variable. Insert the scores in the scorecard at the end of the report. **Please include your sources** into the text (as a link), so others can follow your trail of thought. **Please delete these instructions after filling out the template.**

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	4 / 15
b) Market fit/demand	5 / 15
c) Target Market Size	8 / 10
d) Competitiveness within market sector(s)	0 / 10
e) Integrations & Partnerships	0 / 15
Total Points - Value Proposition	17 / 65
2. Tokenomics	Points
a) Is the token sufficiently distributed?	11 / 15
b) What is the extent of the token's capabilities?	2 / 10
c) Is the issuance model able to improve the coordination of the protocol?	3 / 10
d) Is the value capture model able to accrue and distribute value?	1 / 10
e) Is the token sufficiently liquid to enable active use and trade?	3 / 5
f) Are there any extrinsic productivity use cases?	1 / 10
Total Points - Tokenomics	21 / 60
3. Team	Points
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	4 / 15
b) Does the team have relevant experience?	1 / 10
c) Does the team participate and help shape the public debate?	3 / 5



d) Is the team able to effectively attract and coordinate resources?	5 / 10
Total Points - Team	13 / 40
4. Governance	Points
a) Admin Keys	5 / 20
b) Extent of Governance capabilities	3 / 15
c) Active Governance contributors	1 / 5
d) Governance infrastructure	1 / 10
e) Robustness of Governance process	0 / 10
Total Points - Governance	10 / 60
5. Regulatory	Points
a) Does the protocol have any legal accountability?	- / 15
b) What is the quality of the legal jurisdiction?	- / 10
Total Points - Regulatory	- / 25
Total	61 / 225

1. Value Proposition

The Value Proposition section describes the value a protocol delivers to its users. Based on the proportion of the problem the protocol aims to solve and the potential of the protocol to effectively solve the problem - better than other industry solutions - a Value Proposition rating is created.

a) Novelty of the solution (15 points)

This score evaluates the novelty (uniqueness) of the protocol. Has the protocol introduced any new innovations that help solve user's problems more efficiently? Is the project a fork? To what extent did they copy/fork the original?

Answer: Saffron Finance currently only offers staking, aside from an SFI pool only LP tokens from trading pairs with SFI tokens from Uniswap or Sushiswap. Stakers earn SFI emissions with different APYs for different LP tokens. Saffron finance [originally set out](#) to offer lower risk exposure to DeFi for users, trying to bridge the gap to the mainstream consumer thought to be more risk-averse than the early adopters specifically targeting new users, this is supported by their [step by step tutorials](#) for interacting with the protocol. With V1 of the protocol which is no longer available, Saffron Finance tried to realize this with tranching of the investment strategies offering different levels of risk exposure.

Saffron Finance is largely anonymous, the website offers very little resources, there is no real documentation, on the depreciated v1 website there is a section "[documents](#)" only defining terms used on the page but not explaining what the protocol does, let alone how.

Score: 4



b) Market fit/demand (15 points)

This score evaluates the degree to which the protocol satisfies strong market demand. The market fit evaluates if the protocol is able to satisfy the needs of a specific market (can also be measured by user adoption/ #of users). To what extent has the protocol proven to meet the demand of a specific market? Is the timing of the product right for the market? Is the protocol targeting the right market?

Answer: Currently there is no real product live aside from staking pools for LP tokens. According to this [medium post](#) V2 is about to be launched, but offers no specifics on what the product has to offer. which will shed more light on the market fit of their products. Building lower risk DeFi strategies for a broader audience than early adopters can possibly speak to a large number of users.

Score: 5

c) Target market size? (10 points)

The target market size evaluates the current and future size of the problem the protocol is aiming to solve. The category of the Open Finance solution can be used as a reference to the target market (for example: Lending). Because Open Finance is by definition global, the global market for a specific problem equals the target market size.

Answer: As Saffron's mission is to enable a broader audience to invest in DeFi strategies, the author is measuring the target market size with [robinhood](#) stats of the past year (an app that onboarded a lot of new users to trading stocks with their savings), an investment app for TradFi assets, which in 2021 had 22.5m users and \$80b assets under management. Pointing at a huge possible market, if saffron is able to build a product that can appeal to a broader audience.

Score: 8

d) Competitiveness within market sector(s) (10 points)

This score evaluates the competitiveness of the protocol within the market sector(s) it operates in. This score offers a relative comparison of the protocol and other protocols operating in the same market sector(s). To evaluate this, metrics to directly compare with the competition can be used (e.g. TVL, trading volume, number of users).

Answer: With no real products live saffron is currently not really competing, the current TVL (~\$2.5m) stems purely from staking LP tokens related to their native token SFI. When comparing to other yield farming protocols, the TVL is very low.

Score: 0

e) Integrations & Partnerships (15 points)

Due to crypto's open-source nature, the code of most protocols can easily be forked. This score represents a piece of "unforkable value". Some indicators to look at are the number of applications built on top of the protocol (vertical integration), other entities integrating the protocol's services (horizontal integration) or the number of relevant partnerships (be careful of logo collections/ partnerships without much purpose).

Answer: The author was unable to find any evidence of partnerships aside from the [announcement](#) of being part of



the BTSE Labs incubator from Nov. 2020. Apparently supporting development of the protocol in the early stages.

Score: 0

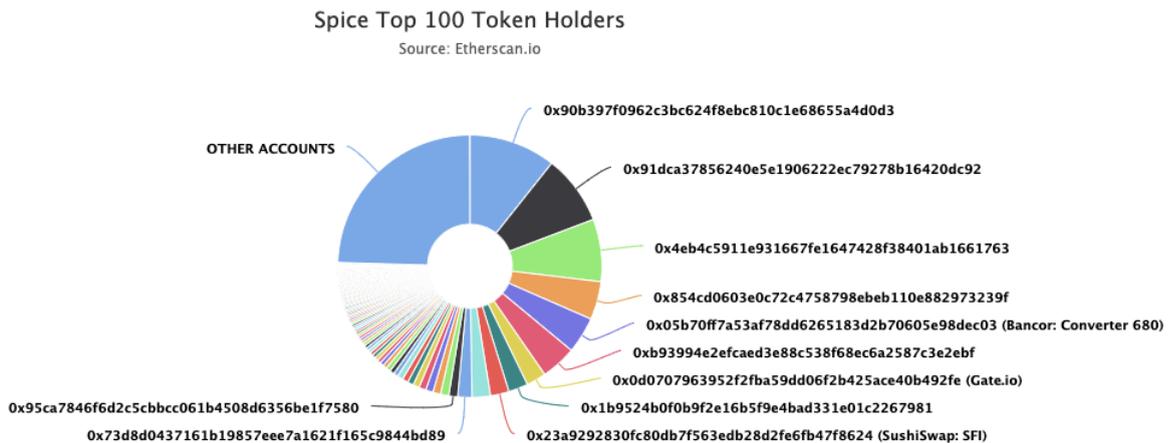
2. Tokenomics

The Tokenomics section assesses the function of a protocol's token. This includes the token distribution, functionalities of the token, the ability of the token to incentivize positive behavior in the protocol, and the ability of the token to capture a portion of the value created.

a) Is the token sufficiently distributed? (15 points)

The token distribution can be an indicator of a healthy protocol. When the protocol tokens are widely distributed among different stakeholder groups and contributors, this genuinely improves the coordinating capability of the token and strengthens the resiliency of the protocol. Was the initial distribution balanced between relevant stakeholders? Are the tokens distributed over sufficient participants (10, 25, 100 largest addresses)?

Answer: The SFI token is held by ~15.000 different addresses, the top 100 addresses hold ~75% of the supply which points at a diverse group of token holders.



The initial distribution is outlined in this [medium post](#). The total supply is capped at 100.000 tokens, they are issued in two-week epochs, starting at 40.000 tokens in epoch 0 30.000 of which go to liquidity providers and 10.000 to the [team multisig](#), the token emission was halved in every epoch until reaching 200 tokens an epoch, which will continue until the cap is reached or governance is changing the emission schedule.

This seems to have provided a decentralized distribution of the token across a large number of holders, although it has to be noted that there is no mention of the team allocation being subject to vesting, which, if true, is very unusual.

Score: 11

b) What is the extent of the token's capabilities? (10 points)

Is the token useful within the protocol? Does the token allow the holders to participate in governance or influence the



protocol in any way? Does it serve any other purposes?

Answer: [SFI](#) is the governance token of the protocol, aside from voting power, it was planned to offer also a revenue share in the protocols fees, which are planned for the upcoming v2 of the protocol.

Score: 2

c) Is the issuance/distribution model able to improve the coordination of the protocol? (10 points)

To what extent does the issuance of the token support the advancement and function of the protocol? Are the tokens justifiably being issued? Does the issuance model incentivize the right behaviour? Are all relevant stakeholders benefiting from the issuance model?

Answer: The issuance model is very user-centric and certainly incentivizes staking as intended, though the lack of a real product and the low TVL doesn't point at very successful coordination of the protocol as a result of the tokens distribution. The relatively broad distribution of the token points at highly decentralized token holders, but indicators of governance activity are very low, (16 members on [snapshot](#)) only 7 snapshot polls in total, and on the last few polls participation was very limited, with only 2-5 voters.

Score: 3

d) Is the value capture model able to accrue and distribute value? (10 points)

A value accrual and distribution mechanism can help improve the utility of a token and its ability to be used as an effective coordination mechanism. Does the protocol have mechanisms to distribute some of the value created to the token holders?

Answer: There is currently [no value capture model](#) in place, there is only a possibility for governance to vote one in existence.

Score: 1

e) Is the token sufficiently liquid to enable active use and trade? (5 points)

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

Answer: The liquidity incentives of the protocol ensure there is [some liquidity](#) on Sushiswap and Uniswap in SFI/ETH pools mainly.

Score: 3



f) Are there any extrinsic productivity use cases for the token? (10 points)

Besides the protocol's value distribution model as described in 2. d), can the token be used productively on other protocols (e.g. as collateral, for lending, LPing, yield farming, etc.)?

Answer: Aside from LPing and staking on the protocol there is no extrinsic use case for the SFI token.

Score: 1

3. 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) Is the team credible and public? (15 points)

Are the identities of the core contributors and team publicly identified? In the case of anon team members, is there any way to track their background/record?

Answer: The team is fully anonymos, the two known handles are [psykeeper](#) and [dingo](#). The [Saffron github repo](#) shows 5 contributors, 4 more next to psykeeper, [maze-maze-maze](#) has a similar amount of commits as psykeeper, though the account does not point at a lot of further experience. The team earned some credibility as they were [funded by a couple](#) of top tier VC firms in the space. ([Dragonfly Capital, Multicoins Capital & Coinbase Ventures](#)).

Score: 4

b) Does the team have relevant experience? (10 points)

Are there any documents or trails available to showcase the track record of the team? Do the team members have relevant backgrounds and skill sets?

Answer: As they are fully anonymous this is difficult to rate, their track record on the protocol good, in the technical sense. The [Saffron github repo](#) shows 5 contributors, 4 more next to psykeeper, [maze-maze-maze](#) has a similar amount of commits as psykeeper, though the account does not point at a lot of further experience. But the code was never exploited, though with lack of success of the products it does not point to a very successful team at the moment.

Score: 1



c) Does the team participate and help shape the public debate? (5 points)

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

Answer: There is a [saffron youtube channel](#) where they not only explain what saffron v1 was and how it works, but they also have a playlist called "[Saffron Academy](#)" trying to educate people about DeFi in general.

Score: 3

d) Is the team able to effectively attract and coordinate resources? (10 points)

How effective is the team at attracting and coordinating resources for the benefit of the protocol? Has the team raised sufficient funding or are there mechanisms in place to attract resources when needed?

Answer: The team has attracted resources, but it is unclear for what they will be used as the direction of the protocol is unclear. Scoring the efficiency of coordination is not really possible at the moment.

Score: 5

4. Governance

The Governance section evaluates how the protocol is governed and who the governors are. The different governance functionalities and processes are evaluated to determine to what extent the Protocol will be able to self-govern in a way that ensures the development of the protocols while respecting the needs of all current and future stakeholders.

a) Admin Keys (20 points)

Admin Keys allow some critical functionalities of a protocol to be controlled by an admin. This allows the developers to react to potential bugs, but also creates a risk as the developers could potentially misuse the admin keys to exploit the protocol. Does the protocol have admin keys and how are they managed?

Answer: The staking [contract that is currently live on Ethereum](#) mainnet reserves some admin rights to the owner of the contract, enabling the admin to change rewards distributed to the pools, but according to the functions accessible through etherscan does not grant the admin access to the user funds. With the lack of any documentation it is not possible to evaluate how this admin powers are exercised, in the Snapshot there are no proposals specifying the liquidity mining program, either discussing rewards or anything related to it. An attempt by the author to reach out to



the team on discord was unsuccessful.

Score: 5

b) Extent of Governance capabilities (15 points)

Distributed governance allows the token holders to participate in the governance of open finance protocols. How much influence does the governance mechanism have? Are the votes affecting on-chain changes or do they function solely as signals to the team?

Answer: The [saffron snapshot](#) with only very few polls (7 in the past 10 months, 3 of which were held already in May of 2021) is not pointing at a lot of governance capabilities for token holders. The polls on snapshot show that the spending of the treasury funds was up for vote ([marketing, legal](#)) or if the protocol should [deploy on polygon](#). The low number of polls point at a central team, largely operating without tokenholders oversight.

Score: 3

c) Active Governance contributors (5 points)

Governance is a process that can be rather resource-intensive if executed well. To ensure good governance is practiced by the protocol, it's important to have a sufficient number of governors allocate resources to the governance process of the protocol. How many individuals participate in the debate around the protocol? How active are voters?

Answer: The [snapshot](#) from saffron has only 16 members and a total of 7 polls since the protocols launch, the most addresses voting on the 7 polls was 10, with some of the polls only being voted on by two addresses. There is a [forum](#) with about 3 active users, some discussion takes place on one [discord channel](#), but difficult to judge the impact as there are no proposals emerging from this.

Score: 1

d) Governance technology/infrastructure (10 points)

The Governance infrastructure relates to the technology, software, and models used by the protocol's governance. Does the protocol have a reliable and usable voting mechanism? Are there channels for governance debate? Is there sufficient documentation available?

Answer: There is no documentation on the governance infrastructure, there is [offchain voting on snapshot](#) with limited activity as mentioned above. Discussion only takes place on the discord server, no governance forum which is unusual for a DeFi DAO.

Score: 1



e) Robustness of Governance process (10 points)

This score requires documentation specifically on the governance process that sets the basic framework in terms of agreements, norms, and language for governing the protocol and to create social consensus. Does the protocol have a formal governance process? How robust is the governance process and does it promote good governance?

Answer: The protocol has no specified governance process, from the signaling proposals, it can be derived that especially treasury related proposals were voted on, but there is no documentation as to what and how needs to be approved by token holders. And the frequency of proposals has dropped of drastically since May 2021. Without documentation or high activity on snapshot, no forum the author was unable to find a governance process in place.

Score: 0

5. Regulatory

The Regulatory section describes the extent and quality of the regulatory environment that affects the Protocol. To be able to guarantee functionality, security, and legality the protocol should comply with regulatory requirements, or limit itself to facilitating services to users who are willing to operate outside of the traditional regulatory environment.

a) Does the protocol have any legal accountability? (15 points)

Does the protocol have any form of legal accountability? Can users and partners hold the protocol accountable in case of a breach of the agreement?

Answer: No entity

Score: 0

b) What is the quality of the legal jurisdiction? (10 points)

If the protocol has a legal entity, what is the quality of the jurisdiction the entity is established in? Will the jurisdiction be able to facilitate the legal framework for the protocol to expand while remaining accountable.

Answer:

Score:

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