

Fundamental

Prime Rating Report V2.0

Protocol: Alpha Finance Lab (Alpha)

Version: 1.0

Previous Report: N/A

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Season/competition: Rate-athon #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.

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: Alpha Finance Lab is a cross chain DeFi platform built on the Ethereum blockchain , Binance Smart Chain and Avalanche. According to the Alpha team, it's vision is to build the Alpha Universe which consists of the Alpha ecosystem and other ecosystems through the Alpha launchpad incubation program. Alpha finance lab products interoperate to bring maximum value to its users while capturing unaddressed demand in DeFi in innovative and user friendly ways. Alpha is the native utility token of the platform. Token holders get to share in network fees by staking Alpha tokens. Other use cases include, governance and liquidity mining

The first product by Alpha Finance labs is Alpha Homora , a leveraged yield farming platform. This product is made up of different versions: V1 (eth) v1(Bsc) both allow users to leverage positions in yield farming pools on the Ethereum blockchain and Binance smart chain respectively. Here lenders

earn high interests and yield farmers can get even higher farming APY from taken on leveraged positions in yield farming.

Alpha Homora V2 allows users to leverage up to 10x on yield farming positions on both the Ethereum blockchain and Avalanche. On the Ethereum blockchain, the product integrates with Uniswap V2 , Curve, Sushiswap and Balancer, while on Avalanche, the product integrates with Trader Joe and Pangolin.

The second product of Alpha finance lab is AlphaX, a non order book Perpetual swap which is currently in testnet. It's mainnet launch is just a few days away, 8/12/21. This product allows users to trade derivatives in a capital efficient way. AlphaX combines the pros of Perpetual swap and leveraged token concept while from the cons of each to create a more improved swap and strike token. This makes strike token a completely new concept of derivative on-chain trading.

Alpha Finance claims that each product is the first of its kind, making it an entirely new solution to the DeFi space hence its scores 12 for unique value proposition.

Score: 12/15

Source: <https://alphafinance.io>, <https://coinmarketcap.com>

b) Market fit/demand (15 points)

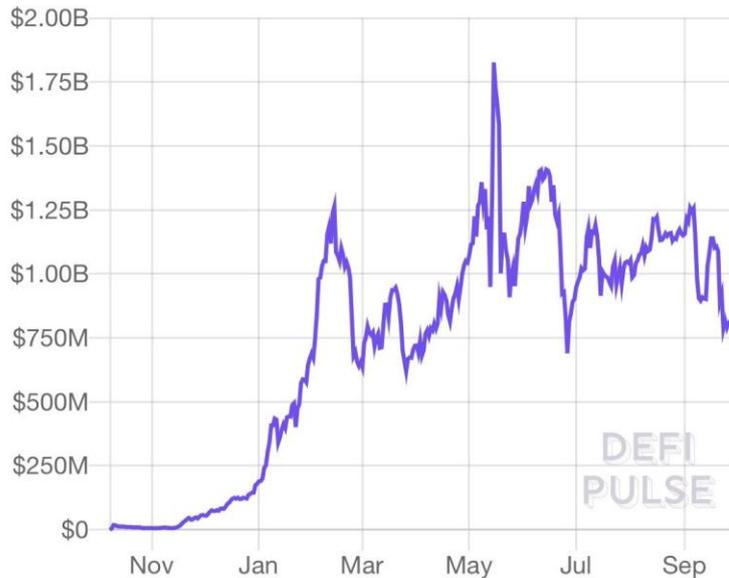
This score evaluates the degree to which the protocol satisfies a strong market demand. The market fit evaluates if the protocol is able to satisfy the needs of a specific market (can also be measured by user adoption/ #of users). To what extent has the protocol proven to meet the demand of a specific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

Answer: According to <https://blockcast.cc>, "since the launch of Alpha Homora in 2020, good product market fit has been reflected" with TVL exceeding \$700million as at the time of writing this report.

Total Value Locked (USD) in Alpha Homora

[TVL \(USD\)](#) | ETH

All | [1 Year](#) | 90 Day | 30 Day



The total value locked is generated from two different groups: liquidity miners who obtains higher APY through leveraged mining on Alpha Homora and ETH lenders who lend ETH on Alpha Homora to get high interest.

In light of the above mentioned discovery, this session will be scored 12.

Score: 12/15

Source of diagram: <https://tokenclan.io>, <https://Defipulse.com>

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: Yield farming is a multi billion dollar market with over \$14billion locked according to <https://Defipulse.com>. This is a relatively small market when compared with other ecosystems in the DeFi space.

This earns the protocol a score of 2

Score:2/10

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: According to <https://Deipulse.com>, Alpha Homora is currently ranked 23rd among the top 50 DeFi Protocols with a percentage of 0.78 in market share as illustrated in the diagrams below



Rank	Protocol	TVL	% Change
15.	dYdX	\$1.02B	-0.96%
16.	Fei Protocol	\$940.2M	-4.37%
17.	DeFi Saver	\$876.1M	-3.64%
18.	Tornado Cash	\$830.1M	1.33%
19.	TrueFi	\$821.6M	-1.67%
20.	Alchemix	\$816.3M	-2.52%
21.	Notional	\$788.9M	-1.72%
22.	RenVM	\$782.7M	0.18%
23.	Alpha Homora	\$763.1M	0.78%
24.	Badger DAO	\$664.9M	-2.44%
25.	Synthetix	\$626.6M	-2.88%
26.	Nexus Mutual	\$611.2M	-3.63%
27.	Index Coop	\$557.6M	-6.61%
28.	Loopring	\$486.6M	-14.25%

When compared to Impermax (IMX), a leveraged yield farming platform launched on the first of March 2021 with about 3126 holders and \$42.5m in TVL, Alpha gets a score of 7

Score:7/10

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: Alpha Finance Lab has integrated with major platforms and DeFi ecosystems such as Compound, Aave, Cream, Uniswap V2, Sushiswap, Balancer among several others. It's recent partnership with Nash allows users to purchase crypto from Alpha HomoraV2. It has also partnered with Siam commercial bank, one of the leading banks in Thailand.

Looking at how less diversified Alpha's partnerships with other protocols compared to major DeFi platforms, it gets a score of 8/ 15

Score:8/15

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: According to Binance research, 174,136,442 Alpha were distributed via a private token sale on Binance launchpad and launchpool. A total of 15% was allocated for the Binance launchpad and launchpool sales, a percentage several notches higher than the private sales in order to ensure even distribution of tokens.

However, at the time of writing, there are a total of 8662 wallet addresses holding Alpha tokens as seen in the diagram below with only the top 10 wallets holding about 96.06% of the token. Hence the score 5.

Holder Statistics

Total Addresses	8,662
Active Addresses <small>24h</small>	299
Top 10 Holders	96.06%
Top 20 Holders	97.44%
Top 50 Holders	98.8%
Top 100 Holders	99.36%

Score:5/15

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: There are two main use cases of the Alpha utility token.

- Staking–Token holders are able to deposit it into a smart contract which utilises tokens to cover any default loans. Users who stake their Alpha tokens earn a portion of the platform's revenue.
- Governance Voting– According to <https://research.Binance.com>, governance will be implemented via a DAO product level and Alpha finance level governance. The DAO product level governance will allow token holders to govern key protocol parameters of specific products, while Alpha Finance Level governance will allow token holders to govern how the portfolio of Alpha products interoperates.

Score:5/10

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 initial distribution was done through Binance launchpad which allowed a healthy number of token holders from inception. Subsequently, issuance is done based on the users participation on the platform through staking or liquidity mining. Each activity incentivizes users to act in a manner that benefits both the users and the protocol.

Score: 8/10

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: Alpha Ecosystem is built on distributing maximum value to its users. Alpha holders are incentivized to carry out activities within the ecosystem. The value capture model allows users to earn from the transaction fees and other revenues within the platform.

The value distribution model is rated 8.

Score: 8/10

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: Alpha is listed on some of the major centralized and decentralized exchanges with a high level of liquidity as shown in the diagram below.



Alpha Finance L...

\$0.8444

▲18.18%

2		Binance	ALPHA/BUSD	\$0.8396
3		FTX	ALPHA/USD	\$0.8329
4		Binance	ALPHA/BTC	\$0.8394
5		KuCoin	ALPHA/USDT	\$0.8337
6		Gate.io	ALPHA/USDT	\$0.8334
7		Binance	ALPHA/BNB	\$0.8357
8		Bitstamp	ALPHA/EUR	\$0.8316

This gives the token a score of 5/5

Score: 5/5

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: Alpha Homora V2 is integrated with cream finance enabling it to borrow from the platform in an under-collateralized way.

Alpha can also be staked on Binance to earn APY as high as 6.26%

Score:4/10

3. Team

The Team section describes the quality of the team behind the protocol. The current version of Prime Rating favors 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: According to LinkedIn.com, Alpha Finance Lab has a total of 14 employees. It was founded by Tasha Punyaneramtdee and Nipun Pitimanaaree, both with public reputations and highly experienced qualifications. Punyaneramtdee was lead strategist at Band Protocol (a DeFi Oracle). Prior to working on Alpha, she had also worked with leading finance firms like Jeffries (2017-2018) and Tencent (2018-2020)

In addition to Punyaneramtdee, the Alpha core team also includes a lead Engineer and blockchain researcher Nipun Pitimanaaree, a graduate of Mathematics and computer science from MIT. He is also known to have won the gold medal for the International Mathematical Olympiad (IMO) for four years in a row according to coinmarketcap.com

Other members of the team can be found via their LinkedIn page with varying professional qualifications around blockchain and programming. This gives them a score of 14/15

Score: 14/15

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: The core team members have strong relevant experiences in blockchain and finance. Both founders have a total of 8 years of experience with reputable firms which is sufficient considering how young the cryptocurrency industry is.

The experience and track record of the team members gives them a score of 7/10

Score: 7/10

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: The founder of Alpha Finance Lab, Punyaneramtdee has been interviewed by several media outlets and currently sits as a member of the advisory board at the University of California. She has over 21k followers on Twitter and 1366 followers on LinkedIn.

Other members of the team have very little public participation hence the score 1

Score:1/5

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: Yes, the Alpha team is able to attract resources when needed. At the early stages of the protocol the Alpha team was able to raise \$2 million from Binance launchpad and private token sale. A total of 20% was allocated as seen in the diagram below.

- ◆ **65.00%** - Technical and business development
- ◆ **15.00%** - Marketing
- ◆ **5.00%** - Operations
- ◆ **15.00%** - Legal

The rest of the funds was used for governance hence the score 7

Score:7/10

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: According to <https://defiwatch.net/alpha-homora-v2-has-a-single-signer-admin-key/>, Alpha Homora is upgradable by an EOA admin key. The EOA (externally owned account) admin key is a single-signer, non contract account. This gives the holder of the key autonomous control and ability to effect changes in the protocol. This also leaves the protocol at a high risk of being mismanaged. Hence a rating of 4.

Score: 4

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: Alpha token holders are able to govern at two levels; DAO product level and Alpha finance level governance. This allows holders to govern key protocol parameters of specific products such as interest rates, value ratio or liquidation penalties. In the future, alpha holders will be able to determine how these products interoperate after the phase two launch of the DAO, phase one is currently live.

The above mentioned discovery gives the protocol a rating of 7

Score:7:15

Source: <https://gitbook.com>

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: Alpha Finance Lab has quite a minimal number of active contributors when compared with other protocols. Contribution channels include Alpha forum and Bi-weekly calls with active Alpha wolves. The alpha forum is open to the public and allows both external and internal developers to start discussions, submit proposals etc. The bi-weekly Alpha call with Active Alpha wolves however is exclusively for active Alpha wolves. This gives a rating of 3

Score: 3

Source: <https://gitbook.com>

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: The governance procedure includes discord discussions, proposal submissions, bi-weekly Twitter spaces with core team members, Alpha Wolves and the public and voting by temporary designators. This consists of both team members and Alpha community members who are vested in the project. The current temporary designators are ten and include both founders of Alpha Finance Lab. In future, voting will be carried out by DAO delegates elected by token holders. This earns the ecosystem a score of 2

Score:7/10

Source: <https://gitbook.com>

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 only known documentation of the governance process can be found in the link below <https://blog.alphafinance.io/alpha-DAO-is-live>. This earns the protocol a score of 4

Score:4/10

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: Alpha Finance Lab is a private entity based in Thailand. During the initial fund raising for this project, 15% of the funds allocated for governance was used for legal purposes. But other than that there is no public record of any legal entity connected to Alpha Finance Labs.

Score: 7/15

Source: <https://research.Binance.com>

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: Although Alpha Finance Lab is based in Asia, it intends to expand by offering incentivized programs for builders to join and contribute to the project. This can be seen with the projects on Alpha launchpad. This gives the project a score of 8

Score: 8/10

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	12/15
b) Market fit/demand	12/15
c) Target Market Size	2/10
d) Competitiveness within market sector(s)	7/10
e) Integrations & Partnerships	8/15
Total Points - Value Proposition	41/65
2. Tokenomics	Points
a) Is the token sufficiently distributed?	5/ 15
b) What is the extent of the token's capabilities?	5/10
c) Is the issuance model able to improve the coordination of the protocol?	8/ 10
d) Is the value capture model able to accrue and distribute value?	8/ 10
e) Is the token sufficiently liquid to enable active use and trade?	5/ 5
f) Are there any extrinsic productivity use cases?	4/10
Total Points - Tokenomics	35/60
3. Team	Points
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	14/ 15
b) Does the team have relevant experience?	7/10
c) Does the team participate and help shape the public debate?	1/5
d) Is the team able to effectively attract and coordinate resources?	7/10
Total Points - Team	29/ 40
4. Governance	Points
a) Admin Keys	4/ 20
b) Extent of Governance capabilities	7/ 15
c) Active Governance contributors	3/ 5
d) Governance infrastructure	7/10

e) Robustness of Governance process	4/10
Total Points - Governance	21/60
5. Regulatory	Points
a) Does the protocol have any legal accountability?	7/ 15
b) What is the quality of the legal jurisdiction?	8/ 10
Total Points - Regulatory	15 / 25
Total	145 / 250

About the Author: Joy Egwuenu is a goal oriented cryptocurrency trader and analyst with over three years experience in the industry. Her skill sets ranges from trading, market analysis to content creation, community management and speaking. You can connect with her on <https://Twitter.com/adajoy142>.