

Protocol: DODO

Version: 1.0

Previous Report: None

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Please fill in all questions with a written explainer, any relevant links and score per variable based on the [Fundamental Review Process V.1.0](#). Insert the scores per variable in the scorecard at the end of the report. For guidance, use the Creating a Report and Submitting a Report pages of the Prime Rating Handbook.

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.

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? In general, forks without any newly added functions are considered subordinate to the protocol they forked.

Answer: DODO has brought multiple new innovations to the on-chain liquidity providing, for example, the PMM algorithm is a newly developed way to address the common issues of liquidity providing such permanent loss. There is no organizational innovation.

Score: 12

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. 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: Timing is right as the discussion over Impermanent Loss is growing and a lot of projects are dedicated to solving this problem. Nevertheless, the top DEXes by volume have not resolved any issue about Impermanent Loss, and they don't seem to have lost their users because of their inaction. Unwillingness to change to a different protocol despite the incurred losses suggests that there are other factors at play to incentivise usage of one DEX over others, and there is no sign that Dodo is paying attention to these areas.

Score: 6

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. **(Compare TVL in DeFi Categories)**

Answer: As of September 13, the top five AMMs in terms of annual revenues included Uniswap at USD 406m, SushiSwap with USD 228m, Balancer at USD 114m, Swerve with USD 29.6m and Curve with USD 15m, according to Messari. Daily volume across DEXes usually surpass \$1 billion. If the PPM system can prove itself and successfully challenge the AMM domination, DODO can get a considerable share of a market worth more than \$790m.

Score: 10

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). The relative comparison can become rather subjective, to solve this the score standardizes the results in fixed categories.

Answer: Dodo currently has less than 1% of the DEX volume, and it is not even at the top 15 DEXes. Kyber protocol, a DEX that offers a new algorithmic solution to mitigate Impermanent Loss than DODO, is ahead of DODO. After the ending of the liquidity mining program of Uniswap, a lot of liquidity providers flocked to different DEXes, giving them a chance to take a bigger portion of the DEX market. Kyber was highlighted with its novel solution and its liquidity incentives, whereas Dodo was not mentioned at all, which raises questions about why DODO should be chosen over Kyber.

Score: 4

Tokenomics

The Tokenomics section of the review 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.

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 initial distribution seems to provide an equal balance between stakeholder groups.

In total, the 1B total DODO supply is set to be broken down as follows ([source](#)):

- 60% (600M DODO) to community incentives
- 16% (160M DODO) to investors with vested & linearly released tokens over 1-2 years
- 15% (150M DODO) to team, future hires, and advisors, locked for one year, linearly released over 2 years
- 8% (8M DODO) to operations, marketing, and partnerships
- 1% (1M DODO) to initial liquidity in IDO

Over 2.5K addresses hold DODO. . Considering that Dodo has around [450](#) per week unique addresses trading on the platform, it is distributed over a sufficiently wide group of participants.

Of 1 billion DODO tokens, 24,477,091 are in distribution as of Dec 24, 2020. 1% of the tokens sold through IDO currently constitute around 40% of the circulating tokens.

Score: 13

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

What are the different merits of the token? Is the token useful in the protocol? Does the token allow the holders to participate in governance or influence the protocol in any way?

Answer: DODO is a governance token instrumental to the DODO ecosystem, which will consist of three decentralized autonomous organizations (DAOs), namely:

Admin DAO: This DAO is the highest decision-making authority. It oversees the entire DODO ecosystem and can make changes to how the other two DAOs operate

Risk Control DAO: This DAO is responsible for adjusting and fine-tuning various risk parameters

Earn DAO: This DAO is tasked with governing how earnings on the DODO platform are distributed

Holding and staking DODO tokens will grant the right to get involved in governance discussions and decisions. The DODO governance system and structure will be gradually implemented and become available as the platform continues to mature.

The DAO is structured to release centralized governance power gradually. Although it is structured to have specific branches for different aspects of the protocol, what kind of agencies each DAO will have and how they will interact with each other are not specified. As of 24 December 2020, there is no instance of DODO token being used.

Score: 2

Is the issuance 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 behavior? Are all relevant stakeholders benefiting from the issuance model?

Answer: The new tokens are issued to liquidity providers (a standard for DEXes) and DODO holders. One protocol user group, traders, are currently not incentivized. Tokens allocated for future hires and partnerships help to sustain the protocol's development. ([source](#))

Score: 4

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

A value accrual and distribution mechanism can help improve the merit 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: Currently, there is no value accrual to token holders, other than issuance of new governance tokens, which do not have any value accrual. Potentially, token holders can take a cut of the fees collected and have them flowing to DODO token.

Score: 1

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: Approximately 2.5% of DODO tokens are in circulation. 24hr daily trading volume is 20% of the market cap. It is not listed on any CEX, and currently available mostly on DODO's exchange. ([source](#))

Score: 4

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

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: *None of the team members are publicly identified. There are Twitter accounts identifying themselves as the owners of DODO but none of them are verified.*

<https://twitter.com/BreederDodo>. This address was given to us when we contacted the team on Telegram, but it is not found anywhere on Dodo's official channels.

0x3e19d726ed435AfD3A42967551426b3A47c0F5b7 this address holds 39% of the supply and the address holder submitted a transaction worth of 526,490,643 DODO (112m\$) on 2020-10-13.

Score: 3

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 team is anonymous and the track-record of the team not identifiable.

Score: 0

Does the team participate and help shape the public debate? (10 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 team is anonymous and the track-record of the team is not identifiable.

Score: 0

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? How well are resources managed and used?

Answer: The team has raised over 5.5 million dollars in private investment. And has a pool of DODO tokens reserved for funding the project. ([source](#))

Even though the team raised substantial capital, DODO still has a long way to go before establishing itself as a benchmark protocol.

Score: 5

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.

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 protocol has admin keys, and plans to release them to the DAO gradually, although there is no set timeline for when this would happen. ([source](#))

Score: 4

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: Currently, there is no vote participation, but only a governance channel on Discord for people to bring proposals and offer their opinions.

Score: 3

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: Currently, it is hard to judge the debate, as it is mainly done through telegram and discord channels, but without any structure or an input taking methodology. Token holders cannot vote either.

Score: 0

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. Does the protocol have a formal governance process? How robust is the governance process and does it promote good governance?

Answer: There is no released governance process yet.

Score: 0

Governance 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: No governance process yet

Score: 0

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.

Does the protocol have any legal accountability or insurance? (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

Score: 0

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: No legal entity

Score: 0

Is the protocol (able to become) legally compliant? (5 points)

Is the protocol able to acquire the necessary licenses and supervision to be able to operate in the traditional regulatory environment? Has the protocol already acquired such licenses?

Answer: No

Score: 0

Scorecard

Value Proposition	Points
1.Novelty of the solution	12 / 15

2. Market fit/demand	7 / 15
3. Target market size	10 / 10
4. Competitiveness within market sector(s)	3 / 10
<u>Tokenomics</u>	Points
1. Is the token sufficiently distributed?	13 / 15
2. What is the extent of the token's capabilities?	2 / 10
3. Is the issuance model able to improve the coordination of the protocol?	4 / 10
4. Is the value capture model able to accrue and distribute value?	1 / 10
5. Is the token sufficiently liquid to enable active use and trade?	4 / 5
<u>Team</u>	Points
1. Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	3 / 15
2. Does the team have relevant experience?	0 / 10
3. Does the team participate and help shape the public debate?	0 / 10
4. Is the team able to effectively attract and coordinate resources?	5 / 10
<u>Governance</u>	Points
1. Admin Keys (Yes, Multisig, Multi-sig and Timelock, None)	1 / 20
2. Extent of Governance capabilities	3 / 15
3. Active Governance contributors	0 / 5
4. Robustness of Governance process	0 / 10
5. Governance infrastructure (rituals, docs, UI)	0 / 10
<u>Regulatory</u>	Points
1. Does the protocol have any legal accountability or insurance?	0 / 15
2. What is the quality of the legal jurisdiction?	0 / 10
3. Is the protocol (able to become) legally compliant?	0 / 5
Total	68 / 235

About author: Yavuzhan Zaman

I am a current student majoring in Business Economics and History at University of California, Los Angeles. Being an avid follower of financial markets and world politics, I recently got interested in crypto currencies due to their innovative vision and unmatched potential for the future of finance. I believe DeFi protocols will help advance our society vastly and I am trying to do my best to guide people on determining the best investment for their hard earned money.