

## 2.0 Fundamental

Prime Rating Report V2.0

**Protocol: Olympus (OHM)**

**Version: V2**

**Previous Report: None**

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### 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 follow the process as laid out in the Medium announcement and submit the report through the form.

**Please include your sources** into the text (as a link), so others can follow your trail of thought.

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## 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:** Olympus is an algorithmic token with an elastic supply. This in and of itself is not new. The way they go about it does bring a new spin to it. The protocol has 2 main aspects, staking and bonds. The protocol has a meme going around having [20k APYs](#). These are fueled by the treasury, which gets funded mostly by issuing bonds and some by trading fees and liquidity mining of other tokens. Selling these bonds has been so lucrative for the DAO, it has been able to sustain the high APYs [easily](#).

Olympus contracts are built from the ground up [according](#) to their second auditor. This has the side effect that it had around 100 issues (~70 automatic testing, ~30 manual testing). Almost all were addressed. Bonds are not a new thing, neither are yield generators, however, normally the APY is fueled by inflation, which is not the case here, so that makes this interesting.

**Score: 6**

## 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:** To answer if the protocol has achieved market fit, we have to establish what the market is that they cater to. To do so, I will already answer the question which follows below, namely market size. The protocol advertises itself as a non-pegged stablecoin and as a currency issuer. If we look at it from this angle, the market is huge and super promising, since FIAT money is on the decline and people will always want to have stable assets. The OHM token as it stands is far from stable, but they foresee this stabilizing when the project gets into the billions of TVL. As of today OHM has gained a respectable market cap of [\\$240M](#) with 200M of this is staked. And here we get to the other angle we could use. That this project is a staking scheme. If OHM never gets used as a currency, but only thrives as a speculative yield generator, the potential is of a totally different scale, namely, much lower. As a yield protocol, it is achieving great yields for its stakers (remember the 20K APYs) and has generated [more protocol revenue](#) than any DeFi protocol ever has before until now in its time span of 4 months. As a yield generator, it has clear market fit. As a world currency, it is way off of its goals. Even as a DeFi stable token it is not even near broad usage. They themselves see OHM as a stablecoin project, so they score just below half.

**Score: 7**

## 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 mentioned above, as a currency, the target market is immense. As a yield generator, the target market is decent.

**Score: 6**

## 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).

**Answer:** The market of non-pegged stablecoins has only just started to emerge. The main competitor is RAI from Reflexer. The market of high yield staking protocols is larger, but most only are able to sustain high yields for as long as the inflation runs. OHM has a different set up where yields are paid by usage of bonds on OHM. This has proven in the first 4 months to be a more stable way to offer high yields. Due to it being the second in non-pegged stablecoins, and it bringing the highest protocol revenue only after 3 months of being live, it scores well on both metrics.

**Score: 7**

## 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 protocol has only just started getting partnerships. At the moment it has one with [Frax](#) and one with [Rari Capital](#). It is [looking](#) to become more friendly with Aave through depositing excess treasury. There are no further integrations known and OHM is not a well sought after token within DeFi.

**Score: 3**

## 2. 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.

### 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 token had a small [initial distribution](#) of 50k OHM towards Discord participants, besides that, it gets 90% distributed to stakers and 10% towards the treasury. The Discord drop was still paid for, with [\\$4](#) per OHM. With even only 10% going to the DAO, it still has managed to be the highest revenue for a DAO within such a timespan ever. So this 10% has been okay so far. However, stating that the distribution has been widely distributed among different stakeholders would not hold up. So who are the stakeholders? Developers, DAOists, content creators, stakers (who take away OHM from circulation and therefore create scarcity, is the reasoning) and of course the users! Who is generating all that revenue? The bond buyers. These do not get any OHM in return, even though the revenue is mostly based upon it.

There are [848](#) holders of OHM (10-7-2021). This is a very small amount compared to other DeFi projects. Most of the tokens reside within the staking contracts of V1 and V2.

So even though the revenue goes back to stakers and the treasury, it still could have been done in a more egalitarian way. And perhaps this will grow with on-chain governance decisions.

**Score: 7**

## **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:** The token can be used to vote and be staked. There are no other utilities to be done with it within the protocol.

**Score: 7**

## **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 behavior? Are all relevant stakeholders benefiting from the issuance model?

**Answer:** New OHM only gets issued if bonds are bought. As described two questions earlier, 90% of the revenue of these sales goes to stakers and 10% to the treasury. This means there is no allocation to specific other groups (devs, contributors, bug bounty, etc.). The treasury itself and its distribution is being actively [debated](#) upon, including using it towards the groups I just mentioned. If revenue would be small, this would have been a big issue. This is not at all the case with Olympus, which is making big bucks for the protocol (\$30M in 3 months). The question is, are stakers worthy of this much revenue? The community (perhaps out of self interest?) thinks so.

**Score: 7**

## **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:** Revenue made by the protocol goes to OHM holders who stake and to the treasury to be voted upon. The protocol hasn't had the need to do any big token sales or funding rounds, so it succeeds in self financing so far.

**Score: 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:** The token has a [\\$240M](#) market cap and around \$4M in daily volume. Most of this is concentrated within Sushiswap. It is not listed on any CEXs and has [no clear plans](#) to do so. The treasury interestingly owns [almost all](#) of the liquidity on Sushiswap. This is not something that was done from the start, like some other projects when they create starting liquidity, instead this is part of the mechanism where the treasury slowly has accumulated more and more through their strategies.

**Score: 4**

## 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:** Even though the protocol has big plans on becoming a world currency, as of now, OHM can only in its own ecosystem, Frax pools and on Rari Capital.

**Score: 3**

## 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:** From the [docs](#) (6-2021):

*"Olympus was ideated by Zeus and built by a distributed psuedo-anonymous team."*

There is no clear answer to who the team is, [nor](#) to who holds the multisig keys.

**Score: 0**

### 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:** No information is available on this.

**Score: 0**

### 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 are a [bunch](#) of team/[community members](#) who post about the project, but they are not known outside of this community.

**Score: 2**

### 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:** As mentioned, there has not been any strategic sale of fund raise. However, the project has generated great revenue for the DAO. The roadmap involves finding more integrations and partnerships and launching more bond options. With the money available, this should surely be possible. The longer term goal of becoming the new world currency would mean needing way more funds. If they succeed in the former, they would probably generate sufficient funds to at least try to reach for the final goal.

**Score: 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:** The protocol has moved from V1 contracts to V2 and users had to migrate. This implies immutable contracts. Real clear documentation however does not exist. Some information can be found in an early blog post. From their [blog](#) (11-3-2021):

"We are launching with a Genesis DAO setup inspired by the guys at BarnBridge. The Genesis DAO is an Aragon company composed of team members, investors, and advisors. The Genesis DAO exists for no purpose beyond executing the decisions of the community. The Genesis DAO holds all critical powers. These include fund rescue functions in case of exploit or bug, contract ownership for migrations, and control over the DAO treasury. All decisions are subject to a 30% quorum, 70% consensus, and 2 day voting period. The team will retain a few non-critical powers that may be needed on shorter notice. These are policy control and halt functions. In the case that something bad happens, we cannot move funds or change contracts, but we can halt the ones that exist."

This has since become outdated and just yesterday the following was shared within their [discord](#):

"Ownership of contracts has been migrated to multi-sig wallets. The distributor and bond contracts are under the policy multi-sig, while the staking contracts and treasury are under a separate multi-sig wallet. This is a significant step in ensuring the decentralization and security of the protocol. The needed signatures are: Policy: 3/5, soon to be 4/6 Treasury: 2/3, soon to be 3/5"

Who the signers are is unclear, what this multi-sig is capable of is only to be guessed. There is talk of a [timelock](#) of 12 hours.

**Score: 7**

## 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:** As can be read in the former question's answer and quote, the community can vote and the team pledges to follow. Looking at the [10 or so proposals](#) that have been voted upon so far, the scope is decently broad. It still has to be implemented by the team however.

**Score: 13**

## 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 forum seems [lively](#), the Discord has thousands of members and discourse seems to be [spread out](#) over more than just 5 people. [Votes](#) get between 30 and 60K OHM. With about 600k OHM staked, this is not a super high turnout. Voting incentives like at Kyber could help.

**Score: 3**

## 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 DAO relies on Discord, a [forum](#) (not the typical one, seems like their own forum website) and [Scattershot](#) (fork of snapshot). This is interesting, since it shows the project is putting time into finding solutions fitting to their own requirements.

**Score: 10**

## 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:** There is no clear documentation on how governance is done. And as mentioned earlier it is not very clear on its admin keys and how in the end votes are implemented. There is one forum [discussion page](#) which aims to go into this:

*This section is all about creating value for the community. Everyone should be able to participate in this process and be able to contribute or give constructive feedback.*

*Any initiative should have a clear and well defined goal, this makes it easier for community members to see where they might be able to add value.*

There are no further replies.

**Score: 4**

## 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:** The protocol was launched anonymously and has made it clear that it wants to “decentralize as fast as possible” according to one of their medium blogs. The admin keys are in the hands of deliberately anonymous signers.

**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:** The project has no country or jurisdiction associated with it.

**Score: 0**

## Scorecard

1. Value Proposition	Points
a) Novelty of the solution	6 / 15
b) Market fit/demand	7 / 15
c) Target Market Size	6 / 10
d) Competitiveness within market sector(s)	7 / 10
e) Integrations & Partnerships	3 / 15
<b>Total Points - Value Proposition</b>	<b>29 / 65</b>
2. Tokenomics	Points
a) Is the token sufficiently distributed?	7 / 15
b) What is the extent of the token's capabilities?	7 / 10
c) Is the issuance model able to improve the coordination of the protocol?	7 / 10
d) Is the value capture model able to accrue and distribute value?	10 / 10
e) Is the token sufficiently liquid to enable active use and trade?	4 / 5
f) Are there any extrinsic productivity use cases?	3 / 10
<b>Total Points - Tokenomics</b>	<b>38 / 60</b>
3. Team	Points
a) Is the team credible and public? (No, Partly, Yes & Anon , Yes & Public)	0 / 15
b) Does the team have relevant experience?	0 / 10
c) Does the team participate and help shape the public debate?	2 / 5
d) Is the team able to effectively attract and coordinate resources?	10 / 10
<b>Total Points - Team</b>	<b>12 / 40</b>
4. Governance	Points
a) Admin Keys	7 / 20

b) Extent of Governance capabilities	13 / 15
c) Active Governance contributors	3 / 5
d) Robustness of Governance process	10 / 10
e) Governance infrastructure	4 / 10
<b>Total Points - Governance</b>	<b>37 / 60</b>
<b>5. Regulatory</b>	<b>Points</b>
a) Does the protocol have any legal accountability?	0 / 15
b) What is the quality of the legal jurisdiction?	0 / 10
<b>Total Points - Regulatory</b>	<b>0 / 25</b>
<b>Total</b>	<b>109 / 250</b>

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