

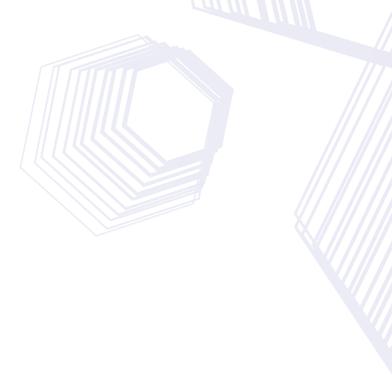


# WAVES DIGITAL ASSET REPORT:

## Update

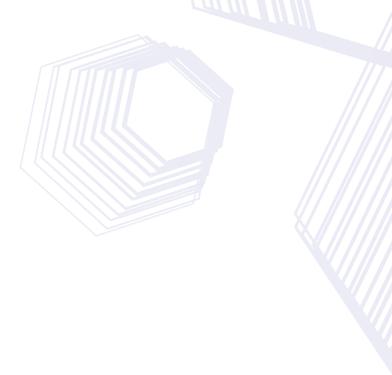
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**Crypto Briefing Research Department**  
February 1, 2019



# Contents

Fundamental Factors .....	3	Core Team .....	12
Grade .....	4	Underlying Technology .....	13
Introduction .....	5	Roadmap Progress .....	14
Market Opportunity .....	6	Conclusion .....	15
Ecosystem Development .....	9	Disclaimer .....	16



# Fundamental Factors



**Update Combined Score: 7.4**

Initiation Report Combined Score: 7.0



## Grade

One major progress indicator (tech development or ecosystem growth) is typically advancing well in accordance with roadmap but the other is lagging behind; no upcoming near-term catalysts strong enough to signal potential for positive price trend. Project still retains significant susceptibility to adverse conditions in the market and token price is moderately volatile. Examples may include a technologically sound project with little prospect of adoption due to shortage of marketing resources OR a popular token behind on tech development because there aren't enough devs or projects in ecosystem.

## Methodology

For a full description of our methodology, please click on:  
<https://simetri.cryptobriefing.com/methodology/>

# Introduction

In the past two months Waves has had a number of significant events and has rebounded in price despite a lingering bear market.

While the technological development continues to be the strong side of the network, there are now several indicators suggesting that previously weak marketing will have a turnaround.

Waves appears to be making a strong push into the gaming industry.

Back in the ICO days it was ahead of its rivals when it came to instant-launch features, and it could again be ahead now with its gaming efforts.

Still, Waves continues to struggle with the articulation of its long-term vision, and it remains to be seen if the network is able to create any real engagement beyond its core group of faithful users and developers.



*This report is an **Update Report** – our continuing examination of Waves’ performance and risk/reward factors. The analysis, verdict and accompanying grade reflect our opinion on the long-term value prospects of a given token based on the current state of project development and indicators of future commercial viability – they are not designed to be indicative of short-term trading opportunities.*

## Market Opportunity

With the ICO star waning, the STO mechanisms have come to the forefront. In the **Initiation Report** we mentioned the STO opportunity, but since then Waves has made significant progress in that direction.

With the signing of the cooperation agreement with **BetterTokens**, the beta launch of the **Tokenomica's platform** in Malta, and the **release of Smart Assets** on the Mainnet, Waves gets a few steps closer to operating one of the first licensed security token exchanges. This will pit Waves against the likes of Polymath but given that the segment is still very young and undefined, Waves is still in a great position to capitalize on the trend.

However, in the near term, this will be a **much smaller market**, than its ICO predecessor. Furthermore, unlike ICOs where the name of

the game was retail, STOs are about accredited investors. Waves will need to develop partnerships and brand awareness in order to attract good projects.

During the ICO days, the network got away with quantity, but STOs will be much more about quality. It remains to be seen if the marketing and business development personnel will be up to the challenge.

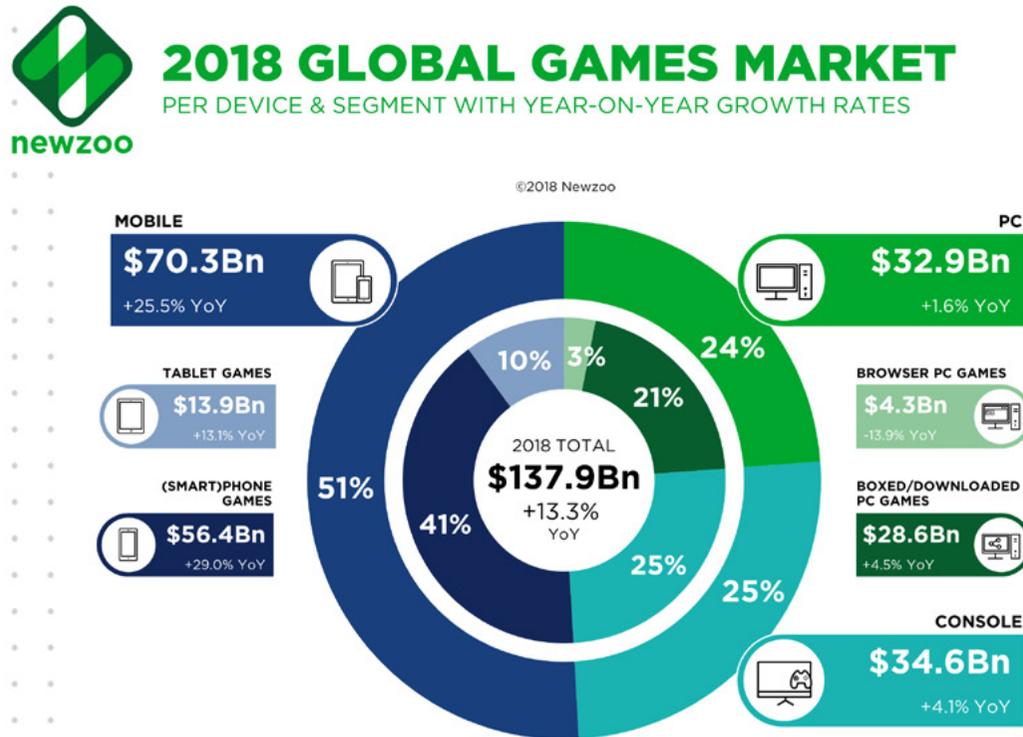
The DEX opportunities will face additional pressure from competition. With more and more blockchain projects like **Tron, seeing DEXs launch**, to much fanfare, Waves will have a harder time attracting traders and maintaining liquid markets. Furthermore, with **Binance expected to launch** its own DEX, the competitive landscape will become even more challenging.



**WAVES WILL NEED TO DEVELOP PARTNERSHIPS AND BRAND AWARENESS IN ORDER TO ATTRACT GOOD PROJECTS**

Waves was one of the earliest proponents of the DEX paradigm, but it has been unable to become the dominant exchange even on a regional level and will be fighting an uphill battle for market share going forward.

However, Waves is opening up an exciting market when it comes to games. The gaming industry is a substantial opportunity both in **terms of size** and adoption barrier.



In 2018, mobile games will generate **\$70.3Bn** or **51%** of the global market.

Source: newzoo.com

The gaming industry and the nearby gambling sector have real need-based used cases for the implementation of DLT, smart contracts and NFTs. Since the Initiation Report, Waves has gone beyond declaring intentions towards development and aiding teams in the ecosystem. The **Xmas Tree game**, launched by Tradisys during the holiday season was a nice appetizer for the things to come in 2019, and the same team also recently launched the game **Fhloston Paradies**.

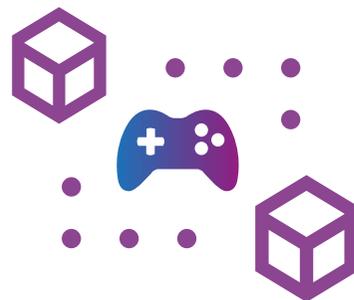
There should be a few more games releases in Q1-Q2 of 2019, but the big game changer could be the Items Store currently in development. While projects like **DMarket**, create a market for originally centralized in-game items, and as such are dependent on goodwill from platforms like Steam, Waves intends to build a store for blockchain-based games.

While this may not be interesting (and could even be threatening) to big publishers and existing platform plays, this is great news for indie publishers and players.

Waves' intent to build out an items marketplace for its ecosystem could be a great catalyst as users will have an added incentive in the form of easy monetization to play the games. This will also give developers added motivation to build on the network or at least make the games compatible with Waves blockchain and token standards. The strategy is noticeably different from that of the big three of Ethereum, EOS and Tron. While the triumvirate clearly leads the gaming dApps space when it comes to sheer numbers, they seem to lack a coherent strategy, and the blockchain industry is still too young, with no player having enough adoption to confidently wear the crown.

Waves' focus on the in-games items market should allow it to carve out a significant niche for itself and then expand outwards.

Overall, conditions will continue to get more challenging, but Waves appears to be poised to start capitalizing on some of its initiatives, which will give it a chance to capture significant market share.



## WAVES INTENDS TO BUILD A STORE FOR BLOCKCHAIN-BASED GAMES

## Ecosystem Development

The ecosystem is seeing a few key dynamics developing. On one hand there has been a more focused effort to interact and help projects within the community. On the other hand, it is clear that while the technology might be decentralized, the team stewarding it and because of it the ecosystem itself, are not.

What is even more concerning is that while the leadership group might have a plan, the community is mostly kept in the dark and has to operate on faith. Philosophically, that runs counter to everything DLT stands for.

The gaming initiative has resulted in Waves really coming alive on the community front. There has been closer cooperation with teams

and that's something that has been lacking in the past. In addition, Waves held a **20-team hackathon** across four tracks: identity and key management, gaming, fraud detection and document and task flow. The event was very well received by the community and instilled hope of more things to come in the future.

The strategy in gaming appears to be geared towards indie developers and publishers, as major labels don't appear to be interested or provide the right opportunities for cooperation. Waves is in a good position to attract indie shops, as it will be cheaper for them to launch on Waves, then say on Steam. In addition, the planned items store should create additional excitement.



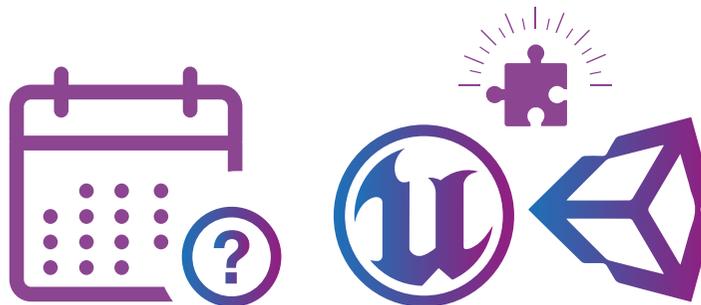
**WAVES IS IN A GOOD POSITION TO ATTRACT INDIE SHOPS, AS IT WILL BE CHEAPER FOR THEM TO LAUNCH ON WAVES, THEN STEAM**

Furthermore, depending on how the store is received, Waves is looking to create plug-ins for Unity and Unreal Engine, although, no release dates have been disclosed in our conversations. There are currently three CIS-based teams that are working on serious gaming projects on Waves, but again further details were not disclosed.

On a more general level, Waves Lab is launching Waves Grants, with a **1 million Waves budget**. The network is intent on fostering better relationships with the developer community and is aware of the need to invest in that process. However, there is a sense within the community that there are teams who are “in”, or “favored” by the leadership, and if you are not one of them, the new initiatives may not benefit you to the same extent.

Waves appears to be cautious and apprehensive when it comes to cooperating even within its own community. This could be, in part, due to the ICO fever experience, when hundreds upon hundreds of “garbage projects” were looking to launch on the network.

Still, despite one of DLT’s core values being inclusivity, Waves is rather exclusive. This can also be seen in the STO stream. The BetterTokens and Tokenomica have strict requirements. The subsidy program for BetterTokens, of 10 WCT instead of 1000 Waves fee was an interesting appeasement move, but its debatable as to how much it really reduced the entrance barrier.



Then there is the question of Vostok. While Waves price responds to positive Vostok news, there is not a lot of direct relationship between the two projects, as far as Waves token holders should be concerned. The big expected catalyst is the Vostok token airdrop. At the Annual Meeting, it was shared that the community would receive **3% of Vostok issued** tokens, with the second stage of funding to be “launched early in 2019”. The airdrop is expected to **commence in April**.

There are those nervous in the community, who see Waves as a centralized entity that has developed a decentralized technology to be used by the community, but that does not intend to share leadership or governance. More than that, the 3% looks almost like a payoff to quiet dissent.

The Vostok project is based on the Waves technology that was

funded through an ICO, but the profits of that endeavor will not be shared with the Waves community outside of the airdrop. While the founder’s position appears to be that all who wanted to profit from the Waves initial fundraising already did, some in the community feel cheated. This is further exacerbated by the fact that Waves leadership cannot provide a coherent explanation of what Waves-Vostok synergies will yield for Waves.

At the moment the Waves ecosystem is in a state of cautious optimism. The network’s leadership has activated on many community related fronts, and if that momentum is capitalized on, this could be a turning point. However, if this is just a mirage perpetrated to make the Vostok pivot cleaner, Waves may see an exodus of teams in search of a more supportive environment.



## Core Team

The biggest development on this front is the continued ascension of Dmitry Suhamera. One of the biggest knocks against Waves has been the lack of talent on the business development, PR and marketing side. It appears that Dmitry Suhamera has become actively engaged on these fronts, and that could be a huge positive for the ecosystem. People like his professional approach.

During our conversation he appeared knowledgeable and well prepared, creating an image of someone capable of executing on complex strategy. This was something that was sorely missing at Waves in the past. It remains to be seen if Mr. Suhamera's rise to prominence is a sign of things to come, but the early indicators have been good.

Still, the biggest concern remains around the centralized nature of the operation of the Waves core team. It appears that it functions

like a big corporate machine, with individual members responsible for localized tasks, and discouraged from venturing outside set boundaries.

The founder and leader of Waves, Alexander Ivanov seems to be the only one with a vision of where things are going, and he is not too keen on sharing it. He has been described as a "dictator", and his inability or unwillingness to communicate his strategy beyond marketing catchphrases raises many questions.

To Mr. Ivanov's credit, unlike many of the founders in the industry, he has avoided the hype machine, and has not "scammed" the Waves crowd. He has delivered on his early promises, which has earned him some credit with the community, but the fact that people lack a clear understanding of his vision gives many pause. This remains one of the biggest risks associated with the network.



**Dmitry Suhamera**



**Aleksander Ivanov**

## Underlying Technology

Waves continues to be a technology-first company and is focusing on delivering complex functionality in simple and efficient UX/UI form. The **integration with Microsoft Azure** is a welcome sign, as it creates precedence and improves user experience.

The continued development work on the smart contracts will be pivotal. An update is expected sometime in Q1 that should add new functionality to the smart contracts. The Waves ecosystem has not had smart contracts for that long, and it their initial release that galvanized the recent dApp development efforts. Continued improvement of the smart contract will further boost this trend.

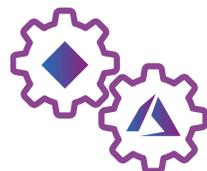
At the same time the continued growth of the ecosystem has started to lead to network overload. During periods of high usage, protocol issues have started to surface. This is not an often-discussed issue, but during these occurrences, nodes operate at suboptimal level, and if Waves intends to go full throttle into the gaming industry this could become a serious issue. The good news is that this is a known issue, the bad news is that there is no

timetable or official roadmap for dealing with it yet.

Finally, there is the Vostok track. Waves announced a **\$120 million private raise** in the second half of December causing a price surge. The enterprise world of permissioned blockchains is brimming with exciting potential. Out West the blue chips (IBM, Amazon, Microsoft) are dominating the space, but in the East, Vostok could be the VK or Yandex of enterprise blockchains.

Still, as exciting as that may sound, it is unclear what this promise really entails for the Waves ecosystem. Vostok has a separate development team, and while Waves staff has alluded to potential synergies and knowledge share with the core Waves product, there are no specifics in that regard.

There is talk that smart contract development for Waves could benefit from Vostok's permissioned blockchain experience, but until something tangible emerges, this is only speculation.



## THE INTEGRATION WITH AZURE IS A WELCOME SIGN

## Roadmap Progress

The 2019 roadmap update is expected on **February 2**, and Waves is touting some **game-changing** developments. It will be critical to see some concrete plans regarding smart contract updates, system optimization and dApps.

It will also be important to track the dissemination effort as it pertains to the roadmap. While there is little doubt regarding Waves' technological prowess, the communication shortcomings have failed to generate proportional excitement in the past.



**Sasha Ivanov** ✓  
@sasha35625



Next week in \$Waves universe:

- Very big client and Keeper update, smart assets trading and more
- Ride update public roadmap. #dapps on Waves are coming, and it will change the game forever
- Promised behemoth will finally move :)
- Vostok airdrop snapshot period will start

♡ 313 3:56 PM - Jan 26, 2019



**Source: twitter.com**

## Conclusion

Waves has a lot of positive momentum building in the new year. The technological development remains the core strength of the project while its adoption and marketing operations present the biggest risks.

How Waves executes its gaming strategy will show a lot about its

future prospects. If it is able to create enough buzz and execute on its plans it might break into the top tier of blockchain ecosystems.

The positive signs and the potential reward merit an upward score revision, but for now the overall grade remains a B-.

**waves** 

**THE OVERALL GRADE REMAINS B-**

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