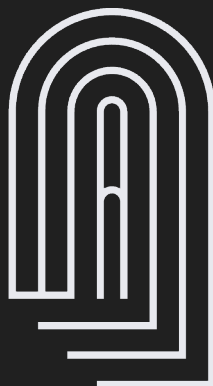ARCANUM VENTURES

EYWA

Fundamental Analysis Report

March 2023

Executive Summary

Overall Impressions

There is no doubt in most investors' minds that fragmentation of liquidity and interoperability are two of the major hurdles that need to be addressed if blockchain is to scale and achieve widescale adoption by banks, lenders, investors, and company founders.

EYWA has an impressive team with an equally exciting concept on its hands. Its novel approach to the transmission of data via its oracle network, as well as its non-custodial, proof-of-stake sidechain liquidity solution to bridge different layer 1 and 2 ecosystems help achieve their vision to end liquidity and data fragmentation.

The engine for EYWA is its talented team and development-heavy squad, but there appear to be some gaps in information about other team members such as marketing personnel or operations managers. It's also interesting to note that there is little to no information about any sort of advisors helping EYWA, which is quite rare to see in the blockchain industry.

EYWA has a full suite of live products such as a multi-chain DEX, bridging tools, and an oracle network. Security and the ability to maintain a healthy and safe blockchain is imperative if EYWA is to survive, but they seem to be taking the audit process seriously with ongoing checks and a large bug bounty program that instills confidence in the company.

Marketing and community size are certainly impressive but if more can be done to maintain a consistent presence and lead the discussion on this ever-growing narrative, EYWA can solidify its status as a major player in the blockchain space.

With top-tier backing and an ecosystem built on superior business development and networking, the sky is the limit for EYWA if it can continue on this trajectory and address a few easy-to-fix gaps. Arcanum Ventures believes EYWA to offer an excellent investment opportunity, should certain concerns be addressed properly.

	Evaluation Category	Weight (0 – 100%)	Score (0 – 10)	Radar Chart
A	Business Model and Financial Viability	15%	7.5	
B	Token Economy and Financial Management	20%	7.5	
C	Marketing and Community	20%	7.9	
D	Team and Advisors	20%	7.4	
E	Competitor Analysis	15%	6.9	
F	Investors, Backers, and Partners	5%	8.6	
G	Product, Technology, and Security Review	5%	8.3	
	Investment Evaluation	**100%**		

Summary of Recommendations

The following are a list of recommendations for the project to undertake:

- Update information for investors such as team and advisors, while also making some information like roadmap and token economics easier to find on the website.

- Migrate blog to website for SEO purposes, and make a concerted effort to drive discussion and build video content to funnel attention to the impressive platform EYWA is building.

- Co-market with the multitude of impressive ecosystem partners in EYWA's ever-growing network to establish campaigns, gain attention, and become a social connecting hub in addition to its role as a liquidity and data aggregator.

- More audits and transparency around security since this is a major concern for investors in blockchain, especially pertaining to bridging solutions and oracle networks.

- Provide more clarity on DAO control mechanisms, governance roles, and accessibility and utilization of DAO treasury tokens. The use of these tokens may significantly impact the value of investor equity.

Highlights and Lowlights

PROJECT HIGHLIGHTS & GREEN FLAGS

Founding Team
EYWA has a core team of skilled founders who are more than familiar with the ins and outs of blockchain as well as how to launch a company.

Development Team
It's evident by the live platform and products EYWA has that it's development-heavy team is quite easy-to-use products that make sense.

Ecosystem
To be expected of by any serious liquidity and data network of this caliber, EYWA is proficient in establishing and maintaining connections with major players in blockchain, with several grants awarded for their integration and dedication to interoperability.

Community
Community size is larger than most with new blockchain startups, with several specialized communities catering to people's preferred languages and platforms.

Investor Documentation
The level of detail and thought put into the whitepaper and pitch-decks for EYWA is extremely helpful for potential investors despite a few gaps in information.

Fundraising Strategy
The various fundraising rounds show an attention to segmenting investors by added value and exercising purpose in sourcing financial backers.

PROJECT LOWLIGHTS & RED FLAGS

Lack of Content
EYWA can improve greatly with more written content on-site, as well as more explainer videos helping inexperienced investors and blockchain users better understand the complexities of what they are building.

Marketing Consistency
Having a full-time marketing team to pump out consistent content and posts to help reassure community, answer questions, and dispel investor concerns.

Lack of Advisors
Bringing on advisors can help bring more external support to EYWA, if not done so already. This also helps to bring credibility and trust to the startup.

Technical Audits
Technical audits performed by Hexen uncovered several critical findings. Investor sentiment can be improved with additional, follow-up audits from one or more auditing firms.

DAO Token Treasure
Half of the token supply is dedicated to public rewards, community growth, and ecosystem development. The investor documentation offers little clarity as to the emissions triggers behind these tokens other than that they will be managed by the eventual DAO.

Company Valuation
Valuation of $100MM at public launch price is quite high compared to the "starting point" of other cross-chain interoperability solutions that have since gained traction and large userbases.

A. Business Model and Financial Viability

Product Overview

EYWA protocol is a network that focuses on efficient, safe, and secure transfer of data and information between blockchains. Its approach has been to create a non-custodial and decentralized protocol that improves on existing designs that have inherent drawbacks. Products include a Decentralized Exchange (DEX), cross-chain liquidity pools and aggregators, cross-chain AMMs, trading protocols, and token bridges. Its proposed ecosystem directly aligns with the core ethos of blockchain and will, hopefully, enable greater global connectivity.

Business Model Viability

- EYWA's solution involves the creation of an Oracle Network that processes cross-chain data transfer through a novel Proof-of-Stake mechanism. This is facilitated through the use of common, synthetic assets within the protocol smart contracts to process transactions more efficiently. PoS mechanism is used with a lottery-based delegation system that offers infinite scalability, the project claims. Additionally, plans to transition control of smart contract ownership to DAO control governed by token holders will move more towards protocol decentralization.

- Cross-chain bridging and transfer of data/assets has posed a significant challenge to the blockchain industry, and has been highlighted by several high-profile hacks resulting in hundreds of millions of dollars in drained liquidity. There is a real need for a secure and stable protocol that allows easy transfer and trading of assets across networks.

- Non-custodial, hard-coded solutions are more difficult to maintain and patch in the event of vulnerabilities. They offer opportunities for large, impactful attacks. Additionally, novel bridging technologies make auditing and maintaining difficult, increasing likelihood of missing potential vulnerabilities by even the most seasoned smart contract auditors. EYWA has performed multiple rounds of audits through Hexen and Smart State, though they may benefit from performing additional rounds through other industry-leading auditors to provide investor and user reassurances. The survival of this protocol may hinge on high-value bug bounty programs, smart-contract monitoring security measures.

- Demand drivers are tied to the security and usability of competing bridges and cross-chain protocols. Cost, speed, efficiency, decentralization, and security are all factors that will determine the traction and popularity EYWA will gain in the early stages.

- The B2B product suite can address a big financial hurdle for many token launch projects whose business model depends on interoperability. Their protocols can potentially reduce the liquidity capital requirements and operational lift of bridging tokens across networks.

- Protocol revenues are focused on transaction fees and will scale with greater ecosystem activity. Additionally, revenues are collected in both native token and bridged tokens, creating greater diversification of the treasury and more financial stability.

Revenue Generation Mechanisms

The following revenue streams are listed in order of anticipated revenue volume

- **[CONFIRMED]** Transaction fees for cross-chain calls
- **[CONFIRMED]** Transaction fees for exchange operations
- **[CONFIRMED]** Transaction fee for making gasless calls
- **[CONFIRMED]** Transaction fees for utilization of synthetic assets in the network
- **[UNCONFIRMED]** Service or subscription fees for developer integrations

	Evaluation Category	Weight (0 – 100%)	Score (0 – 10)
A	Business Viability	35%	8.0
B	Revenue Stream Quality	25%	8.5
C	Market Dominance	15%	6.0
D	Business Development	25%	6.5
	Business Model and Financial Viability	100%	7.5
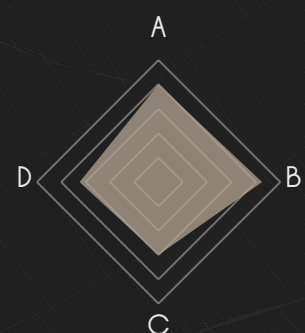
B. Token Economy and Financial Management

Token Sale Model Overview

- The total token sale is marked at $9.9MM across seven different rounds, including special-purpose rounds for both promotion, node operator token distribution, and influencer marketing.

- We assume the primary focus for the allocation of funds will be the novel technical development and extensive campaigns of smart contract and platform audits to ensure protocol security. Arcanum believes this total fundraise to be quite low for the technological lift and current team size. Somewhat puzzling is the lack of token supply dedicated to development, marketing, or operational functions in the company. This may indicate the team believes they can reach stable revenue generation with total funds raised. Some clarity on budgetary analysis may help gain more investor confidence.

- The total token sale equates to 19.5% of the EYWA token supply, which is average for current market conditions but considered high for DEX and protocol fundraises. Typically these projects secure early backing and quickly transition into revenue generation for sustainability.

- The Fully-Diluted Value is calculated to be $100MM at public token price. This valuation is quite high considering current market climate and valuation of competitor products, factoring in their userbase and traction. This valuation may be justified given the novelty of the technology and benefits offered.

- The initial token release favors company control, at 67% in month six, however this evolves as investor equity releases ramp up in the following months.

- **RED FLAG**: The DAO Treasury token tranche (50%) is a major concern for investors, considering these tokens are designated to fuel ecosystem growth and development aside from public rewards incentive. No timeline is offered on token release from this tranche although the investor documents allude to eventual handover of decision-making responsibilities to the DAO. Some clarity around the accessibility to and release of these tokens in this smart contract will help improve investor sentiment.

- **YELLOW FLAG**: Initial circulating supply following launch is below 1.0% with initial MCap of $650,000, indicating a micro-cap launch. The team may benefit from a larger initial token release, although the strategy may coincide with platform revenues powering token buybacks to help maintain healthy token price.

Primary Token Utility Overview

The $EYWA token is the primary driver of value in the ecosystem. The token is essential to the function of the protocol where it is facilitating network operations through EYWA's Roll-PoS consensus mechanism for transaction processing.

The protocol uses a hybrid token utility model where the EYWA token is the sole asset for promoting security and decentralization of the Oracle Network while also serving as the primary incentive for liquidity provisioning to facilitate cross-chain bridging of unique token assets. The token is a major part of the revenue structure which easily allows the team to monitor and control reward emissions for protocol incentives.

- Network Operations: The EYWA token powers the PoS consensus mechanism, ensuring security and decentralization of Oracle Network operations.

- Liquidity Provisioning: Rewards are distributed in EYWA tokens as the primary incentive for liquidity provisioning on the protocol.

- Payment Barriers: Transaction fees in the EYWA token are collected specifically for cross-chain and gasless calls.

- Yield Farming: EYWA tokens are granted through contributing to TVL via platform staking

- DAO Governance: EYWA will serve as the governance token, granting access and participation in the DAO.
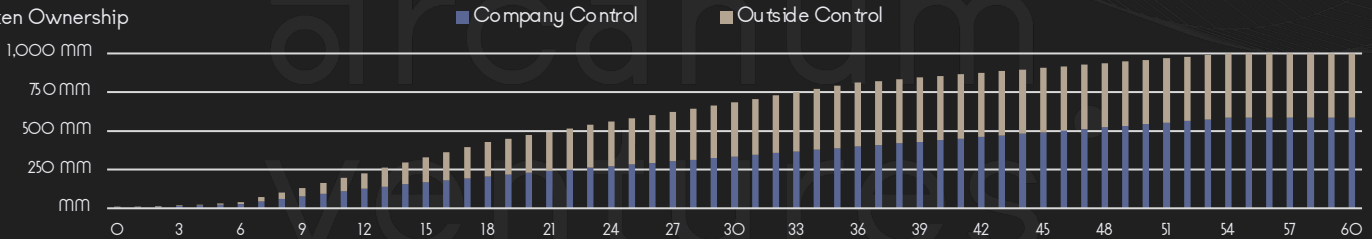
B. Token Economy and Financial Management

Deducted Token Sale Metrics

- **Total Fundraise:** Estimated to be $9,870,000 based on token sale rounds and valuations
- **Earliest Round Discount to Public:** 80% is high but may have been necessary to gain early-stage funding
- **Total Token Sale (TTS):** 19.5% is average total investor equity for current market conditions
- **Company Owned Supply (6mo AVG):** 67% of circulating tokens is no concern for heavy, early liquidations
- **Final Company Owned Supply:** 59% total supply, more equitable split between internal and external stakeholders
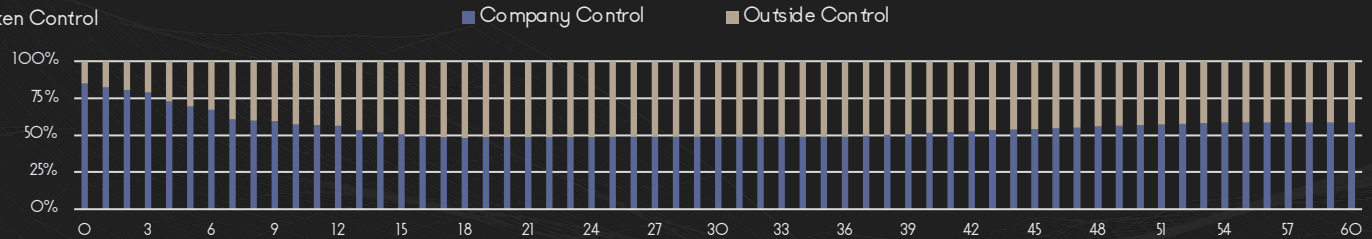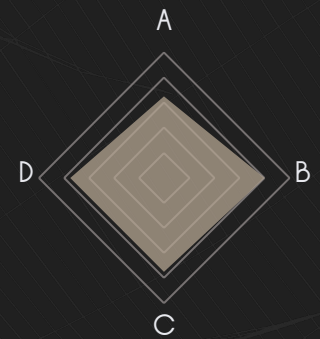
Vesting Timeline
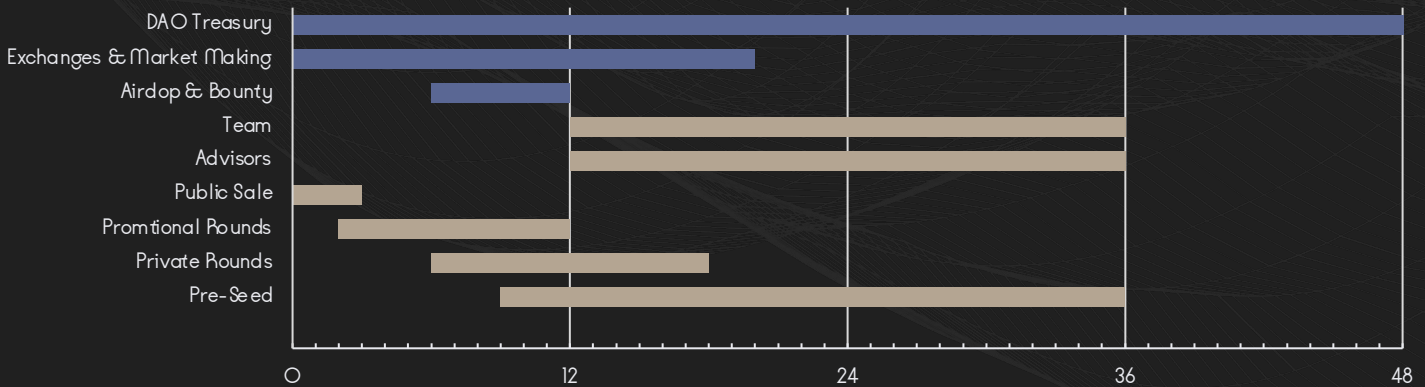
Token Ownership

Token Control

	Evaluation Category	Weight (0 – 100%)	Score (1– 5)
A	Token Sale Model Overview	20%	6.5
B	Token Economy Overview	40%	8.0
C	Value Transition from Revenue	30%	7.5
D	Token Sale and Fundraising	10%	7.5
	Token Economy and Financial Management	100%	7.5

C. Marketing and Community Review

Marketing and Content Strategy

- EYWA's website is intuitive and easy to navigate, with clear calls to action, audience segmentation for developers and users of the products, clearly laid out social media community links, and all up-to-date investor documents such as pitch-decks and whitepaper.

- The company seems to consistently post long-form content around every three days, with frequent updates on tech development, launch information, milestones, networking and conference representation, and thought-provoking discussion pieces talking about decentralization and governance for the eventual DAO.

- While EYWA seems to be producing engaging content, it's a bit worrying to see all content hosted on Medium rather than on the website itself. SEO is suffering and an opportunity to gain traction is being missed.

- Investor documents are well and above what most other startups are offering, but more information could be provided about team, advisors, and roadmap.

- The YouTube channel has potential to provide high-level content about products, interviews with the team, conference appearances, and more to help build community. The product walk-through is fantastic and necessary to help describe complex concepts to less blockchain savvy individuals.

Community Evaluation

- With six social media platforms including Discord and Medium, EYWA has done well to segment its community and speak to its audience on people's platforms of choice.

- Twitter has a large following, but a low tweet count and only a few posts per week leave lots to be desired. Engagement is solid but there is no reason why EYWA can't be more active on what is arguably web3's most important community platform.

- Giveaways and promotions have helped EYWA collect followers on main platforms. More co-marketing with big-name partners could help boost EYWA's community size further.

- Discord and Telegram are set up incredibly well, with quick-to-respond admins, different channels for different languages, and consistent engagement spanning a wide range of topics.

- LinkedIn should play a larger role in EYWA's marketing plan, as it will ultimately help onboard other partners, clients, and knowledgeable community members working within the blockchain industry.

| Platform or Channel	Target Audience	Channel Size	Comments or Observations	Summary Score (0-10)
YouTube	Tutorials showing the platform to investors and users	768	Much needed to describe overly-technical aspects of the platform and how to use it. High potential and ought to be used more.	6.0
Twitter	Targeted towards bounty hunters, retail investors, and blockchain evangelist	56,000	Large following but infrequent posting. Should be more consistent to keep growing community and establish EYWA amongst blockchain's top communities.	7.5
Telegram	Communities for major languages to answer questions about token launch	35,000	Impressive community size with several sub communities. Good for updates and questions. Solid engagement in a down market.	8.0
Discord	Answering questions and delivering updates	7,500	Sizeable community but not consistent with updates. Conversation is sporadic when compared to Telegram.	6.0
LinkedIn	More towards partners, potential B2B customers, and VC investors	329	Arguably one of the more important communities to focus on for projects like EYWA. Good foundation but could use more strategic marketing to cater to blockchain industry professionals.	5.0

C. Marketing and Community Review

Arcanum's Proprietary Twitter Community Evaluation
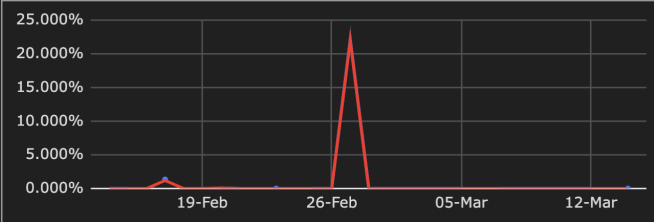
Twitter Activity and Engagement
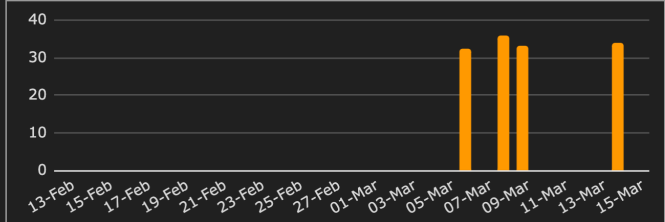
Trend 1: Number of Twitter Followers
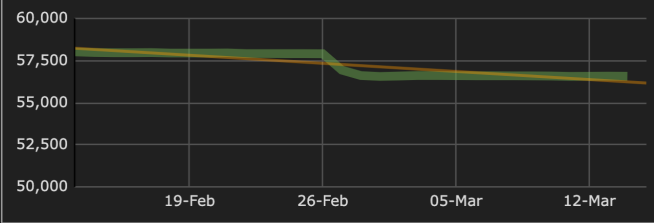
Trend 2: Number of Twitter Mentions
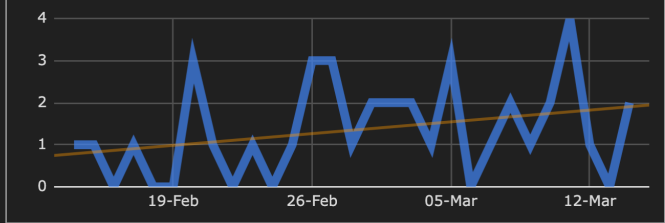
Trend 3: Average Community Engagement (Raw in Blue / Market Adjusted in Red)


Trend 4: Daily Total Engagement Points

ACCOUNT METRICS AND CALCULATIONS

	All Tweets	Native Tweets	Keyword Filtered	Native & Filtered
Retweet Ratio	0.0%	n/a	0.0%	n/a
Average Mentions/Tweet	0.7	1.0	1.0	1.0
Average # Tweets/Day	0.1	0.1	0.1	0.1
Timezone Score	33	68	68	68
Raw Engagement	0.06%	0.06%	0.06%	0.06%
Market Sentiment Buffer	-100	-100	-100	-100
Tweets/Day Score	3	3	3	3
Retweet Ratio Score	0	n/a	0	n/a
Timezone Score	33	68	68	68
ENGAGEMENT SCORE (0-100)	3	3	3	3
Summary Account Score	2	8	7	8

- The company's Twitter account shows very sporadic posting with only several tweets in the past two months
- There is no evidence of guerrilla marketing campaigns in the past two months, however it's likely growth campaigns were used early in the lifespan of the account to gain the +50K followers, considering anticipated engagement now does not match

Evaluation Category	Weight (0 – 100%)	Score (0 – 10)
A Marketing and Content Strategy	40%	7.5
B Community Evaluation	50%	8.5
C Engagement Evaluation	10%	6.0
Marketing and Community	100%	7.9
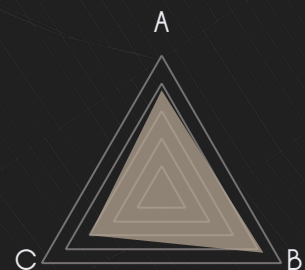
D. Team and Advisors

Team Overview

EYWA has a diverse team of over thirty members working remotely from parts of Asia and Europe, including the founding C-level executives and nearly two dozen blockchain developers.

Based on publicly-available investor documents, there appears to be a lack of information regarding the rest of the team, especially in key areas like operations and marketing. If the core team's track record is any indication of what the rest of the team looks like, one can assume that they have hired top-level individuals to fill positions of need.

Core Team Experience and Skillset

- **Boris Povar**: CEO and one of five co-founders for EYWA. Boris is a skilled mathematician and IT specialist with a penchant for building companies. Deeply knowledgeable in node operation, managing DeFi funds, and leading teams, Boris certainly has the skills and experience to lead a major blockchain project.

- **Peter Tagunov**: The CTO of EYWA and one of five co-founders, Peter had previously worked with Boris at DigiU. His resume boasts over twenty years of experience working in software development, including software designer, chief-architect, and Head of Programming roles.

- **Faraj Abutalibov**: Excelling at networking and business development, EYWA's CBDO and co-founder, Faraj, is a talented and very well connected professional with an extensive background across several industries before pivoting full time into blockchain advisory and administration. He leads the Crypto Executives group with nearly two thousand of the industry's biggest names.

- **Alexander I**: Well established entrepreneur and strategist, Alexander is the CSO for EYWA, helping to create a gameplan for fundraising, launch, business development, and human resources, among other things. Alexander has also worked with both Peter and Boris previously in his time at DigiU.

- **Sergey Zinenko**: Co-founder of both DigiU and EYWA, Sergey also serves as the CFO for the upstart, cross-chain liquidity protocol. Studied economics and law before serving as the CBDO for DigiU.

## Overall Team and Advisor Impression

It's clear that EYWA's greatest assets are its people, starting with some well-known and respected individuals at the top. The development team is especially large, which makes sense with the blockchain smart contract creation and UI/UX acumen needed to build intuitive and aesthetically-pleasing platforms such as the DEX.

Little information was found around advisory aside from some allusion to support from "partners," although it would certainly be surprising that a project of this magnitude was not receiving any external support.

EYWA has apparent gaps in key areas such as operations or marketing. It's unclear who is managing security, directing marketing operations, or supplying legal guidance to the company. This may be a case of failing to disclose information to potential investors, but can be easily remedied with more transparency or hiring for certain unfilled positions like Chief Security Officer or Chief Marketing Officer.

All in all, EYWA has a strong team that instills confidence in investors, especially when it comes to product building and business development. Furthermore, all key members of the team are experts in the blockchain realm, which helps dispel any douvbs that they are up for the task.

	Evaluation Category	Weight (0 – 100%)	Score (0 – 10)
A	C-Suite Background and Prior Experience	20%	8.5
B	Core Team Background and Prior Experience	40%	8.0
C	Talent and Experience Gap Evaluation	30%	6.5
D	Advisory Evaluation	10%	5.0
	Team and Advisors	**100%**	**7.4**
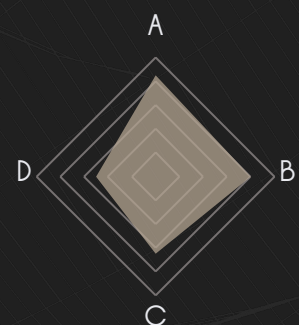
E. Competitor Analysis

Current Competitor Landscape

It's been six years since Ethereum co-founder Vitalik Buterin coined the term "Blockchain Trilemma." Since then, we've seen a lot of Cross-Chain Interoperability Protocols (CCIP) incepted. Eywa, as a new contender, provides a cross-chain data and liquidity for efficient asset transfer and trading capabilities. It also features an intermediate hubchain called Aurora for synthetic asset aggregation and liquidity provisioning. Although Chainlink's main product of a decentralized oracle network is far from a bridging solution, they are gearing up to compete in this space. Sergey Nazarov outlined a 2023 phased launch for a CCIP that allows developers to build secure cross-chain services and applications easily.

In contrast, Cosmos uses the Inter-Blockchain Communication (IBC) protocol to exchange assets and data freely across networks, enabling these independent and scalable blockchains to communicate. In comparison, Axelar enables decentralized applications to operate seamlessly across multiple blockchain networks using the General Message Passing (GMP) protocol, offering Composable Liquidity and Gas Services for efficient and convenient cross-chain transactions.

Technology and Game Development Progress

In summary, all four platforms offer unique and promising approaches to cross-chain interoperability, with EYWA, Chainlink, Cosmos, and Axelar each having its own strengths and weaknesses.

Investors interested in the DeFi space may find EYWA to be a compelling opportunity, while those looking for a more developer-focused platform may be interested in Chainlink's CCIP. For those interested in the exchange of assets and data across independent blockchains, Cosmos' IBC protocol offers a strong solution. Axelar's use of the GMP protocol and Composable Liquidity and Gas Services may appeal to investors seeking efficient cross-chain transactions. However, investors should carefully consider the security features of each platform and conduct further research before making any investment decisions.

	Chainlink	AXELAR	COSMOS	eywa
Decentralization				
Compatibility				
Security				
Development				
First-mover advantage				

	Evaluation Category	Weight (0 – 100%)	Score (0 – 10)
A	Current Competitor Landscape	50%	6.5
B	Development Progress	40%	8.0
C	Traction and Market Share	10%	4.0
	Competitor Advantage	100%	6.9
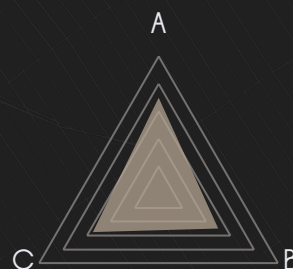
F. Investors, Backers, and Partners

Financial Backers

- **InnMind Capital**: InnMind not only assists with financial backing and fundraising support, but also provides general guidance. Well-connected and effective incubators with a large following.

- **Droid Capital**: The Solana-focused, DAO-governed VC fund leverages a large community and a wealth of knowledge.

- **BR Capital**: With investments like 1inch Network and Lido, BR Capital has been successfully backing major web3 projects for years with consistent returns.

It is encouraging to see that EYWA is not struggling by any means to raise funds even in a down market. Several well-known VCs have already invested in the startup. For many, it's important to see major VCs on the cap table, but savvy investors will be able to read between the lines and see that EYWA has strong backing with ample resources and a vast network to call upon.

Ecosystem Partners

- **NEAR Foundation**: Powerful ally and well-known layer 1 blockchain protocol that's well-known for giving grants to projects like EYWA that help improve and integrate into its ecosystem.

- **Algorand**: Another top-tier proof-of-stake blockchain with a reputation for backing and giving grants to the industry's most promising startups.

- **Boba Network**: Layer 2 optimistic rollup built on top of Ethereum. Among Ethereum's most visible scaling solutions and a strong partner to EYWA.

With the aforementioned partners and a host of other industry leaders like Harmony One, Polygon, CoinEx, and Metis, EYWA is leaving no stone unturned in its quest to become the leading interoperability hub for blockchain.

It's a safe bet to assume that EYWA will continue to form partnerships and work closely with all major blockchains and oracles within the web3 industry, and become a major connecting thread for the currently-fragmented corners of the blockchain ecosystem.

	Evaluation Category	Weight (0 – 100%)	Score (0 – 10)
A	Financial Backers Evaluation	40%	7.5
B	Ecosystem Partners Evaluation	45%	9.5
C	Business Development Vision	15%	8.5
	Product and Technology	100%	8.6
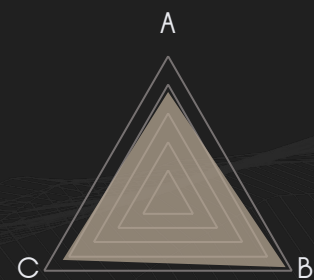
G. Product, Technology, and Security Review

Product and Meta-Trend Observations

- Interoperability is gaining even more traction as a major narrative within the blockchain industry, and EYWA has been building in the background for quite some time to ensure they are leading the discussion.

- Fragmented liquidity and difficulty managing liquidity pools for small-cap web3 projects will be a major trending topic in 2023

- EYWA is competing with major DEXs and bridges but is positioning itself as a key cog in the blockchain space. With oracle networks, cross-chain liquidity protocols, and a multi-chain DEX, they can theoretically talk about all current trends.

- AI is mostly absent from EYWA's investor documentation, which is encouraging to see as most projects are trying to unnaturally infuse artificial intelligence into their product to capitalize on the latest narrative.

- Decentralization is a core tenant of EYWA, but it's unclear how this handover to community control will happen and how long it will take.
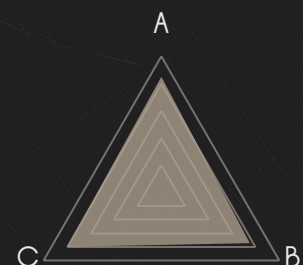
Technology Observations

- EYWA has a full suite of products to help make the lives of investors, traders, and startup founding teams easier.

- Simplifies management of liquidity pools, addressing the fragmentation of liquidity across the expanding cryptocurrency ecosystem. They offer a seamless and intuitive experience for both individuals and blockchain companies.

- Transmission of both data and non-custodial liquidity should theoretically be easier for all while removing the bothersome steps involved with migrating such assets across different blockchain environments.

- Gasless transactions, Non-EVM chain integration, proof-of-stake node operation for earning, and enhanced security are critical components of EYWA's offering.

- While EYWA touts its "infinite scalability," the actual number of node operators will dictate the security and immunity to malicious activity. It isn't clear how this can be infinitely scalable even with lottery-based delegation mechanisms. Additionally, there's no telling how many nodes will be active following the product launch.
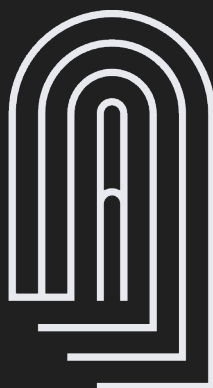
Security Observations

- Like any interoperability play, EYWA is faced with a steep uphill battle concerning the mitigation of security risks, especially with the creation of synthetic assets used on-chain to bridge between different ecosystems.

- Ongoing protocol and smart contract audits are being completed, with more planned at the end of 2023.

- The bug bounty system is set up to help the community maintain a safe and healthy protocol and stop potential attackers in their tracks. This is critical for a project of this magnitude.

- EYWA's novel approach to bridging assets as a transport layer involves minting synthetic assets on its chain, locking up token collateral within the respective networks via smart contracts, and involving the EYWA DAO for a general vote to approve extraction of the assets.

- Since the interoperability of EYWA is dependent on the real-time transmission of accurate data, bad actors are fined for supplying or propagating dishonest information.

Evaluation Category	Weight (0 – 100%)	Score (0 – 10)
A Product and Meta-Trend Overview	35%	9.0
B Technology Overview	40%	8.5
C Security Overview	25%	7.0
Product Technology and Security	100%	8.3

EYWA

Fundamental Analysis Report

March 2023