

Competition Analysis

CEO DESK – AI research Report

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Competition Analysis – case with 1 competitor only

Case Study – AXIE Infinity

Axie Infinity is a non-fungible token-based online video game developed by Vietnamese studio Sky Mavis, known for its in-game economy which uses Ethereum-based cryptocurrencies.

Players of Axie Infinity collect and mint NFTs which represent axolotl-inspired digital pets known as Axies. These creatures can be bred and battled with each other within the game. Sky Mavis charges a 4.25% fee to players when they trade Axies on its marketplace.

Axie Infinity is built on the Ronin Network, an Ethereum-linked sidechain developed by Sky Mavis.

- The game's official Cryptocurrency is "Axie Infinity Shards/Token" or AXS for short.
- The game's secondary token, SLP, crashed in February 2022 amid a wider NFT and cryptocurrency crash, losing over 99% of its peak value.

Sky Mavis marketed the game with a "play-to-earn" model (also called "pay-to-play-to-earn" model) where after participants pay the starting costs, they can earn an Ethereum-based in-game cryptocurrency by playing.

Axie Infinity allows users to cash-out their tokens every fourteen days. This model has been described as a form of gambling, and one with an unstable market that is overly reliant on the inflow of new players.

- The value of the game's associated token, Smooth Love Potion (SLP) (formerly known as Small Love Potion by the community), crashed in February 2022 amid a wider NFT and cryptocurrency crash, losing over 99% of its peak value. Sky Mavis attempted to stabilize the price by introducing new features to the game, but these attempts were ineffective.
- On 23 March 2022, hackers compromised the Ronin Network, stealing approximately \$ 620 million in Ether and USDC. A total of 173,600 Ether and 25.5 million USDC tokens were stolen in two transactions. It took the company six days to notice the hack.

Axie is the first NFT game what has reached over one billion US dollars of trading volume. It was played by more than 2M players in one day.

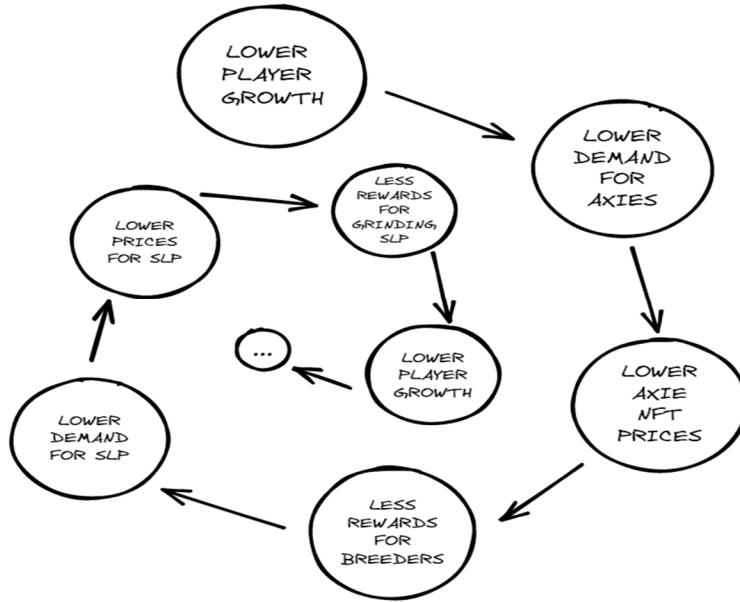
Strength of Axie / What was new and unique?

- The first game where you could earn money on the blockchain.
- Special feature = directly get tokens that you could trade.
- Before Play2Earn only went through detours and not directly on the blockchain. Then the topic went viral.
- Main reason probably that players in Vietnam could earn a good hourly wage. SkyMavis comes from Vietnam .
- In addition, first few, then many Youtuber reported about it.

Tokenomics analysis:

- The Gouvernenace token AXS is limited to 270 units. The in-game token SLP has no limit and is created "out of thin air."
- In order to play the game, 3 Axies are required. These NFTs must therefore be purchased by players beforehand.
 - ***As long as enough new players are added, there is a source of revenue and thus existing players can be compensated.***
- Due to the sharp decline in new players, the number of players has dropped significantly. The price of AXS and SLP have fallen sharply as a result.
- **There are three main reasons for this decline:**
 - Not enough new players have joined .

- The ecosystem, or tokenomics, is structured in such a way that no other sources of revenue other than player spending feed the ecosystem.
- **The token SLP has no equivalent value and is printed "out of thin air," leading to an increase in the money supply and thus inflation.**
- **What led to its collapse:**



- **Axie weaknesses – its ecosystem does not fight inflation**
- Money inflow is only through new players
- The in-game token is not backed and is printed "fresh".

Comparison with BKO – and why they have adopted a disruptive ecosystem to solve these problems:

- The ecosystem does not rely on new players to reward existing players. While new players fuel growth, they are not essential. The foundation provides a source of revenue independent of the number of players. Revenues from the foundation flow into the game.
- Tokenomics is structured so that nearly all revenue goes into the ecosystem and goes to players (89%), stakers (10%), and social projects (1%).
- Both the governance token \$BKO and the in-game token \$BF are 100% generated at TGE. The \$BF is offered directly with Liquidity through the Public Sale (50% of the tokens). The proceeds of the \$BF Public Sale and the remaining 50% of the tokens are transferred to the Liquidity Pool including the floor price.
- **With these mechanics alone, the weaknesses of Axie Infinity's ecosystem are fixed.**

Conclusion:

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