



LOOM NETWORK

Industry report 2019

Loom Network - One Basechain to rule them all

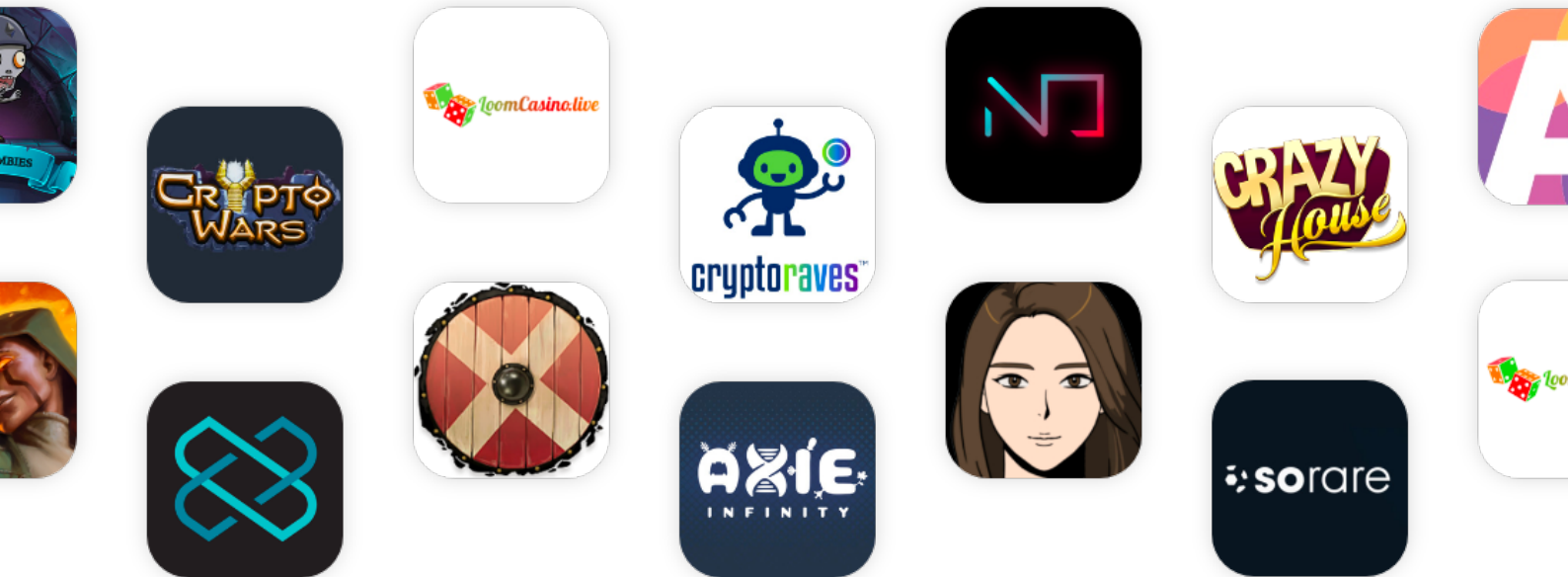


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Key Takeaways

- By positioning itself as truly cross-platform and the “universal Layer 2” protocol, Loom has gained increased adoption among the developer community
- This has resulted in growing protocol metrics over the past months (DAUs, Token Volumes and number of deployed dapps)
- There is a long list of Loom dapps currently in development (mostly games)
- Great potential remains, but too early for reaching a final verdict over the protocols success



Introduction

Scalability is one of the hottest topics in the world of blockchain and dapps.

This is especially the case for Ethereum. It remains the most popular blockchain for deploying dapps, but from CryptoKitties in late 2017 to more recent issues with gambling dapps such as FairWin, it's suffered from serious network congestion.

Of course, there are different ways to solve such issues.

The move away from a Proof of Work consensus as part of Ethereum 2.0 is one, but in the meantime, we've seen an explosion in the number of Layer 2 solutions such as Loom Network's Basechain (previously called PlasmaChain).

These allow developers to overcome scalability issues on a base layer by offloading operations to their own connected chains. In the case of Loom Network, its Basechain is a network of delegated Proof of Stake sidechains secured by more than 21 delegators.

Loom Network's goal

When it comes to Loom Network's approach, it's not just about solving problems for developers. It makes the entire experience for users considerably more fluid too.

For one thing, there's only a 1-3 second (average is 1.4 seconds) wait for transactions to be closed. Nor are there any gas fees. Developers will eventually pay a flat monthly fee to have their dapps run on the Basechain, although at this early state, no-one is being charged.

Users can be onboarded to dapps without needing a crypto wallet too, thanks to the inbuilt Loom Wallet. This means the process of using dapps becomes much more like using apps.

In this way, Loom promises the ease of using centralized services with all the advantages of a more decentralized infrastructure.

It's also important to note that Loom has moved on from its initial goal of solving Ethereum's scalability issues, attempting to become truly cross-platform, or what it calls the "universal Layer 2".

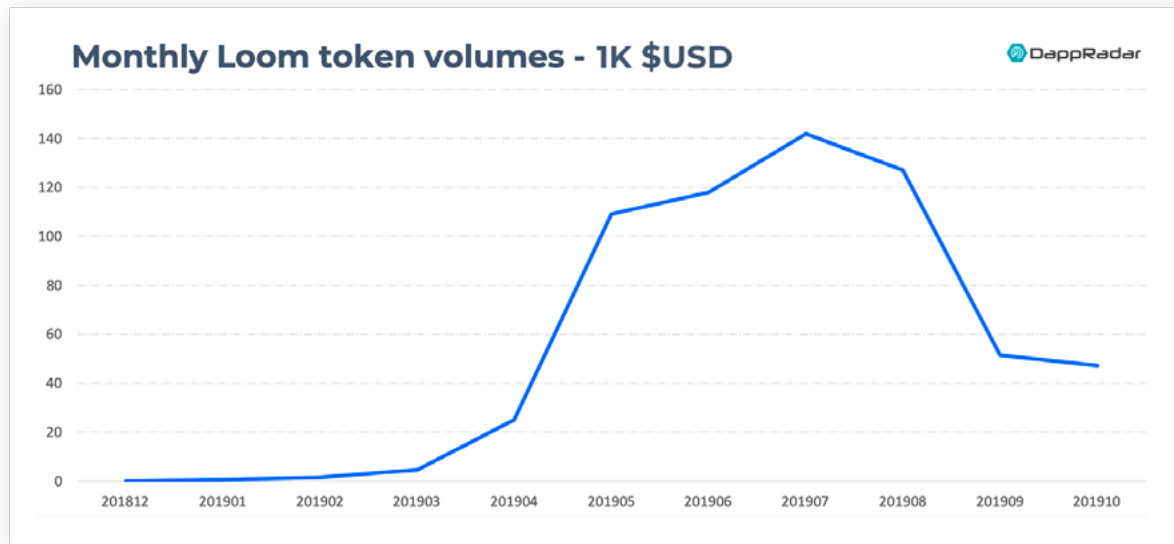
The Basechain supports Ethereum, TRON, Binance Chain and Bitcoin, with EOS and Cosmos on its roadmap.

In this way, developers building their dapps using Loom's Basechain will be able to deploy their dapps (or assets) across multiple chains, if they so desire.

Loom Network's performance

Token volumes

Performance can be measured in many different ways but in this report, we're going to look at token volumes, active wallets, the number of dapps deployed, LOOM token pricing, and Loom's future roadmap.own connected chains. In the case of Loom Network.



According to DappRadar data, the majority of token volumes during 2019 were generated by three dapps; Sorare (\$210,000), Axie Infinity (\$140,000-worth of tokens), and the Loom Marketplace (\$15,000).

Many of the dapps currently deployed on Loom's Basechain are games, although this is changing.

Axie Infinity is a collectible game using Ethereum for characters NFTs and Loom for ownership of its Land NFT, which is still in development.

Sorare is a collectible soccer game (also still in development and pre-sale) based around the ownership of real world players, while Loom Marketplace is a marketplace for Loom's internally-developed game Relentless.

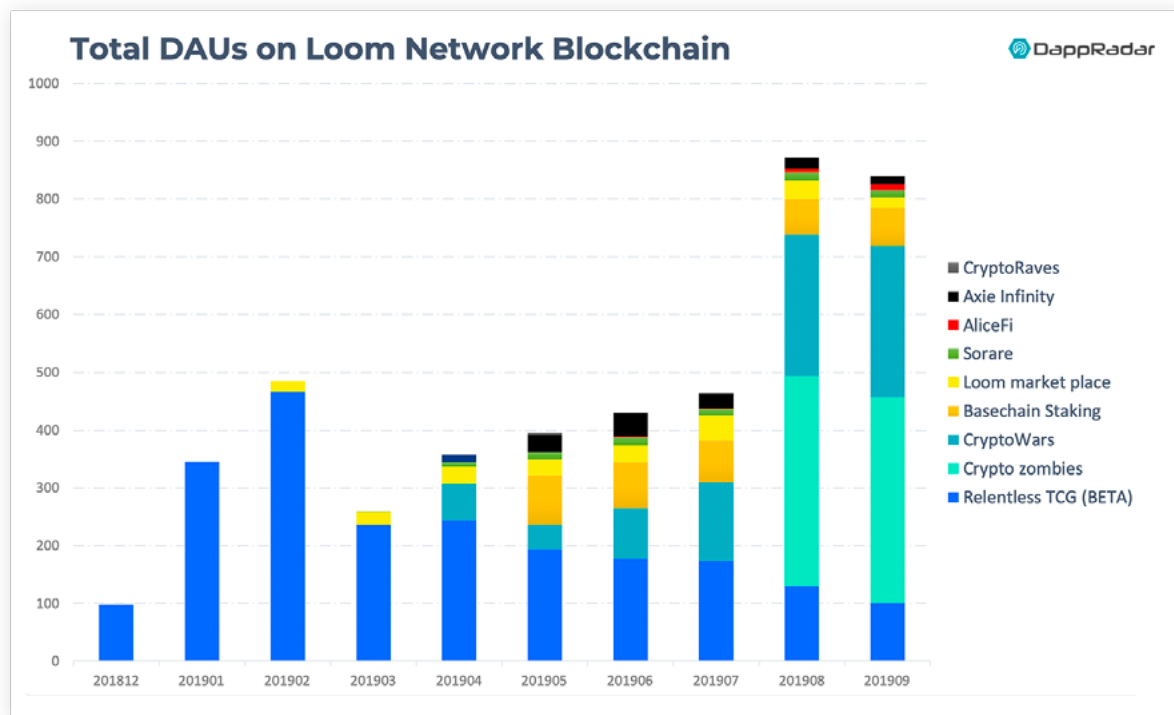
It is hard to draw any conclusions from the volatility of token volumes over the period, however, due to the fact that none of the dapps running on the Basechain are formally launched.

Daily active wallets

The raw data tracking the number of daily unique wallets interacting with the Loom Basechain shows a patchy but definitely upward trend.

This isn't surprising given the nascent state of most of its dapps. Another factor to consider is one of the most popular daps CryptoWars is only available in time-limited competitions - mainly over the weekends.

This gives rise to strong user peaks during these times; notably over 650 users on 31 August, which generated an all-time high for overall users on the Basechain.



More recently, the launch of Loom's gamified code school for Solidity programming CryptoZombies has added between 300 and 450 daily users to the overall total. It's now the most popular dapp on Loom.

Number of dapps

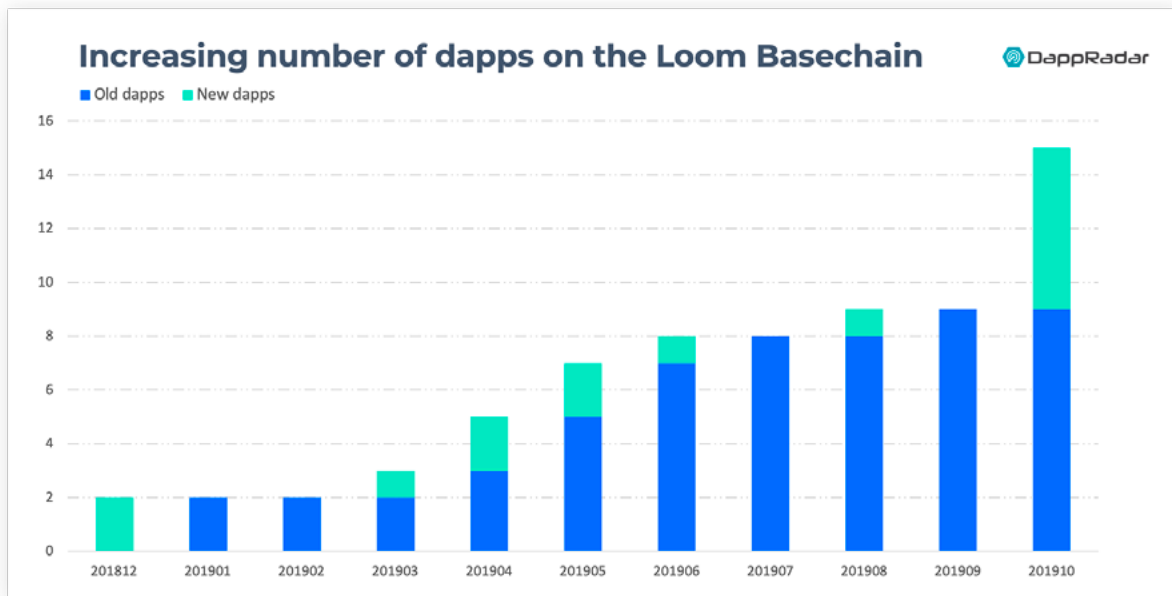
Loom's Basechain has been constantly accumulating dapps since its launch.

New dapps were onboarding every month from March to June 2019, while the peak month for new dapps was October when three were added.

These include high profile cyberpunk role-playing game Neon District. In early testing with a 2020 launch planned, it will see players battling through procedural and story-driven missions to collect characters, gear, and parts.

Another interesting new title is Blocklords. Originally launched on the NEO and TRON blockchains, an upgraded version of this medieval strategy game is coming to Ethereum and Loom.

Clearly Loom is gaining momentum, especially among game developers; a group for which Ethereum's congestion remains a particular problem.



And there are plenty more games and dapps which are expected to be added in the coming months too.

One such is Battle Racers. An action-packed arcade game built within the Decentraland virtual world, players build, race, and battle model cars on arcade-sized tracks.

But it's not just games. Supply chain product ShipChain is building on Loom, AliceFi is a decentralized finance dapp, LevX a token exchange, and Hey a social chat app. There are even a couple of gambling dapps.

Token price

The LOOM token is an ERC20 cryptocurrency that's used to secure the network, reward contributors, and can serve as a payment method if dapp developers use it in that way.

However, as with the vast majority of ERC20 tokens, LOOM hasn't demonstrated any pricing differential to other key assets.

During 2019, its value has dropped 50% against the US dollar, 58% against Ether and 80% against Bitcoin.

This isn't particularly unusual, but does demonstrate both the early stage of the project and the volatility of all crypto assets.



Future roadmap

2019 has been a busy year for Loom.

It enabled token staking, launched its marketplace, continues development of its game Relentless, has added additional validators, and launched v2 of its SDK.

To-date, Basechain has handled over 12 million transactions from over 48,000 unique wallets.

But there remains plenty still to do. One long term goal is to increase the percentage of the total Loom supply that's staked. Around 25% of the total token supply is staked but Loom wants to increase this to 50% to add further security and stabilize token value.

Another important goal is to onboard more validators to secure the vv. The game Axie Infinity recently joined as a validator, and it will be interesting to see over time if more of the dapps using Loom will follow its lead.

Loom is also looking to encourage more developer uptake with a new bounties and rewards program. Up to 10 quality dapps will be awarded with 500,000 LOOM tokens.

The big technical challenge is increasing interoperability between chains. One element is ensuring users can sign into a dapp running on Loom with whatever wallet they are using to interact with a Layer 1 blockchain such as Scatter for EOS or TronLink for TRON. Currently this is only the case for those users using Ethereum wallets like MetaMask.

Similarly, Loom hopes to be able to take assets across chains, such as taking the DAI stablecoin from Ethereum to TRON or Binance Chain.

Conclusions

As with so much in the blockchain space, Loom Network's Basechain is in its early stages. Significant features are still being added and its ambitious aim of providing a "universal Layer 2" solution has not been tested.

Nevertheless, it is already gaining strong momentum in the dapp ecosystem. Initially this interest was from game developers, who particularly struggle with Ethereum's current limitations. But a wider range of dapps and services are now being built on Basechain too.

In terms of Loom Network's performance in 2019 to-date, token volumes and user numbers have increased considerably, but as all the dapps using Basechain remain in development, no final verdict can currently be reached, at least until highly anticipated titles such as Neon District and CryptWars launch later in 2020. Neither has the LOOM token reflected any of this activity in terms of its valuation.

Yet Loom Network remains a project with great potential. Indeed, there is a strong argument that its positioning as a synergetic technology - working with and extending the featureset of other Layer 1 blockchains - makes much more sense than the numerous attempts to launch another 'Ethereum Killer'-protocol.

DappRadar will certainly be keeping a close eye on developments over the coming months.

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