

# SOLANA (SOL)

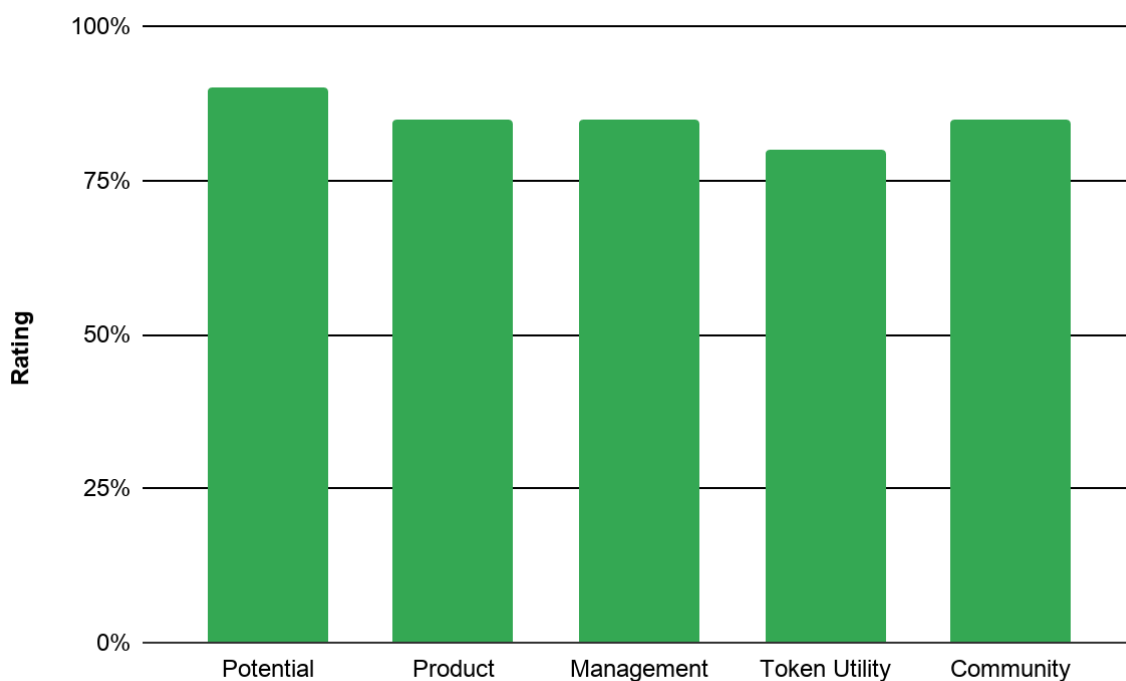
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**The World's First Web-Scale Blockchain for Fast, Secure, Scalable Decentralized apps and Marketplaces.**

## SUMMARY

Solana is a high-performance, permissionless blockchain that is currently supporting 50K transaction per seconds and 400ms block times without complex solutions like sharding or layer-two by using a network timestamp system called Proof-of-History (PoH).

## Bird-Eyes View



## Market Opportunity

Nowadays, most developers consider Ethereum before trying any other blockchains. However, the big problem of Ethereum is Scalability & Stability.

While ETH 2.0 still get delayed and so many Layer 2 solutions are come but not single one can dominate the market.

There will be an opportunity for blockchain platform which offer all of the following:

- High throughput, low latency, low fees, sufficient consensus-layer decentralization, and clear scaling solution
- A robust execution environment and dev tooling
- Minimal application/shard/layer 2 complexity
- Strong assurances about backwards compatibility and ongoing future stability

It's really fit to Solana, which offers:

- High throughput: Solana network currently supporting over 50,000 transactions per second, while maintaining block times of 400 milliseconds without complex solutions like sharding or layer-two.
- Low latency: ~1 second
- Low fees: Estimated \$10 for 1 million transactions
- Rust as the flagship programming language (also supports C, C++, and Libra's Move)

# TOKENOMICS

## 1. Key Metrics

KEY METRICS	
Token Name	SOL
Token Type	Native
Seed Sale Price	\$0,04
Seed Sale Raised	\$3.170.000
Seed Sale Date	April 5th, 2018
Founding Sale Price	\$0,20
Founding Sale Raised	\$12.630.000
Founding Sale Date	June 3rd, 2018
Validator Sale Price	\$0,225
Validator Sale Raised	\$5.700.000
Validator Sale Date	July 9th, 2019
Strategic Sale Price	\$0,25
Strategic Sale Raised	\$2.290.000
Strategic Sale Date	January 2nd 2020
CoinList Sale Price	\$0,22
Coinlist Raised	\$1.760.000
CoinList Date	March 23rd, 2020
Initial Circulating Supply	500.000.000
Amount Burnt Token	11.365.067
Total Token Supply	488.634.933
<b>Initial Network value</b>	<b>\$25.550.000</b>

## 2. SOL Token Sale

A total of \$25.55 million was raised via multi-round of token sales from April 5th, 2018 to March 23rd, 2020.

- **Seed Sale:** Raised \$3.17m from April 5th, 2018 by selling 16.23% of the total token supply at \$0.04/SOL. All seed sales are locked until full unlocked on someday in Jan, 2021.
- **Founding Sale:** Sold 12.92% of the total token supply at \$0.2/SOL, Solana raised \$12.63m in this round. Founding Sales are locked until it fully unlocked in June 2021.

- **Validator Sale:** Raised \$5.7m from July 9th, 2019 by selling 5.18% of the total token supply at \$0.225/SOL. All token sales in this round will be fully unlocked in Jan 2021.
- **Strategic Sale:** Raised \$2.29m from January 2nd, 2020 by selling 1.88% of the total token supply at \$0,25/SOL. All tokens will be unlocked in Jan 2021.
- **CoinList Sale:** \$1.76m was raised by Auction 1.64% of total token supply via CoinList with an average price around \$0.22/SOL. All CoinList Token are already unlocked since SOL listed on Binance.

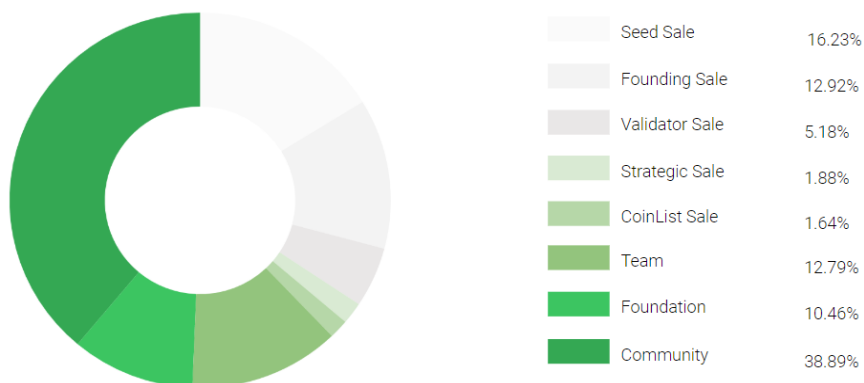
### 3. Token Supply Distribution

In total, 16,350,633 SOL (3.27%) have been vested and 11,365,067 SOL (2.27%) tokens are burnt and removed from supply. The remaining 472,284,300 SOL (94.46%) to be vested.

- Token Sale: 100% token will be vested in Jan 2021.
- Team: on Jan 7th, 2021, team token will be unlocked is 31,250,000 SOL and the remaining half of the team's' tokens will unlock monthly over the following 24 months.
- Community: Start Vesting on May 1st, 2020 with 8,000,000 SOL per month and Fully Vested on Jan 7th, 2021.
- Foundation: Fully unlocked on Jan 7th, 2021.

By January 7th, 2021 the total unlocked supply will be 457,384,933 SOL (91.47%) excluding inflationary rewards.

Important: Token Supply Distribution based on Genesis Supply which is 500M SOL. The max supply of Solana will be 1 Billion in the next 10 years.



#### 4. Token Governance & Use of Funds

Solana has used \$11.79m according to the allocation plan below:

- 3.00% Partnerships.
- 3.00% Marketing.
- 35.00% Team.
- 35.00% Development.
- 12.00% Professional Services & Legal.
- 3.00% Taxes.
- 6.00% Office Rent.
- 3.00% Others.

#### 5. SOL Token Incentives

SOL is the native token used to power the Solana Blockchain with 3 main use cases:

1. Fees: SOL used to be charge the transaction fee\* & smart contract execution fee.  
\*Transaction fee will be burnt, reducing total supply.
2. Staking Rewards: SOL can be used as a staking reward for Validator who staked their SOL to secure the network.
3. Governance: The SOL token will also have governance functionalities in the future.

## SOL VALUATION

### Network Present Value (NPV)

The purpose of this is figure out the Network Present Value of Solana Blockchain so from that, we can calculate the fair value of \$SOL.

Our formula is simple:

Network Present Value = Initial Value - Value not active yet.

According to our thesis, we believe that initial network value of any crypto project should be equal to total fund was raised by the project.

For SOL case, we will have:

- Initial Network Value equal to total fund was raised which is \$25.5m
- Network Value not active yet including Seed Sale, Founding Sale, Strategic Sale, Validator Sale. However, Solana has been release their incentives to staking on beta mainnet. Thus, Validator Sale is activated.

From all of this, we can calculate Network Present Value of SOL is:

Network Present Value = Initial Value - (Seed Sale + Founding Sale + Strategic Sale)

= 25.55M - (3.17+12.63+2.29) = 7.46M (1)

## SOL Token Value

Our formula is simple:

Token Value = Network Present Value / Initial Circulating Supply

For SOL token: Initial Circulating Supply is 8,280,916 SOL cuz Market Maker was loaned 8,000,000 SOL from Solana Foundation.(2)

From (1) and (2) we can calculate SOL Value =  $7,460,000 / 8,280,916 = \$0.9$ .

After we have SOL value, we should discount it by 40% because crypto is an extremely high-volatility assets.

In conclusion, SOL Value is  $\$0.9 * 0.6 = \$0.54$ . This is why we called our community buy SOL at this price.

## Solana Capture Value

As mentioned above, Solana is a high performance Blockchain that can compete & capture value from all Layer 2 projects like Matic Network, Loom Network, Celer Network.....

CUZ,

Solana have:

- Strong Fundamentals with super star team and Top tier VC are backed
- Rapidly Growth & High quality Ecosystem
- Mainnet & Staking already lived.

## Bear Case

For the bear case, We estimated that Solana can capture up to 90% of Value from theses Layer 2 project in the next 6 months.

Currently, Total value of top 5 layer 2 project is around \$140M, which make the Future Network Value (FNV) of Solana will be reached \$120M.

Name	Ticker	Market Cap (M)
Matic Network	MATIC	81.24
PoA Network	POA	3.766
Celer Network	CELR	18.711
Loom Network	LOOM	16.846
Raiden Network	RDN	17.909
Total Market Cap		138.472

After we have FNV, then we need to discount Future Network Value to the present by Formula:

$$NV = FNV / [(1 + r)^n]$$

Where,

NV = Network Value

FNV = Future Network Value

r = Discount rate

n = the number of periods in the Future Network Value is

Solana have:

FNV = \$120,000,000

r = Annual discount rate is 40%

n = 3/2 cuz we discount from Dec 2020 to Jun 2020 (6 months)

So NV of Solana is:



$$NV = \$120,000,000 / [(1+0,4)^{3/2}] = \$72,441,793$$

From NV, we can calculate SOL Value

$$\text{SOL Value} = NV / \text{Cir Supply} = \$72,441,793 / 17,317,435 = \$4.18$$

In conclusion, We believe that SOL value should be traded at \$4.18 for the bear case.

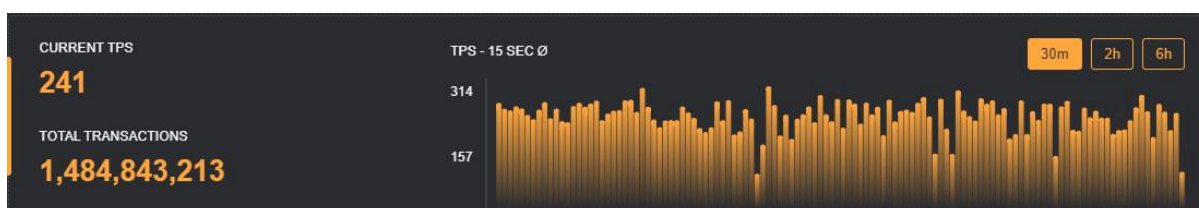
## Base & Bull Case

In the base & bull case, we look at Smart Contract Platform Alternative of Solana Blockchain.

1. SOL Token incentives are similar with most blockchain projects like paid fees, staking rewards, Governance.

Additional, SOL tokens will likely serve as the underlying collateral for such applications (e.g. ETH used as the underlying collateral for DAI in MakerDAO).

2. The present network activity of Solana is outperformed all blockchains in top 30 like NEO, Cosmos, Tezos...etc. Solana just surpassed over 1.4 Billion transactions in their network.



3. Solana Blockchain have strong ecosystem like Kin, Chain Link, Terra....and it's growth rapidly with Accelerator Program



Thus, our base case is Solana will capture over 40% of NEO in the next 6 months and 100% value of NEO for the bull case.

As of writing, NEO market cap is \$750M. So NV of SOL for base case will be 300M & \$750M for the bull case [14/7/2020]

From that we can easily calculate SOL value which is:

- Base Case of SOL =  $NV/Cir.Supply = \$300,000,000/17,317,435 = \$10.5$
- Bull Case of SOL =  $NV/Cir.Supply = \$750,000,000/17,317,435 = \$26.14$

## CONCLUSION

Our theories relies on expected and speculated market cap (network value) of Solana blockchain based on market cap of other blockchains.

Because of that our recommendation is **"SPEC BUY"** for Solana (SOL) for the next 6 months.

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