



# AXIE INFINITY & BLOCKCHAIN GAMING INDUSTRY

KuCoin Labs keynote Report

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2021.7

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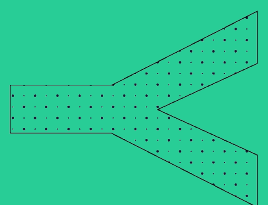
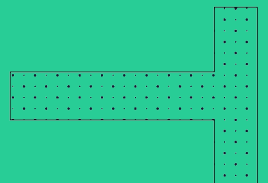
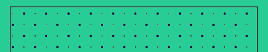
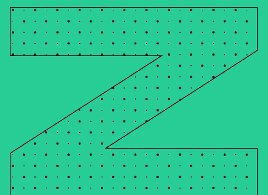
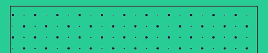
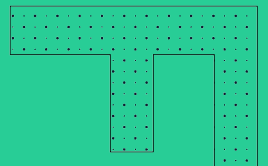
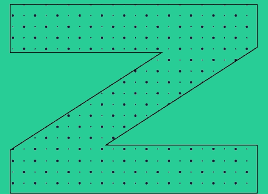
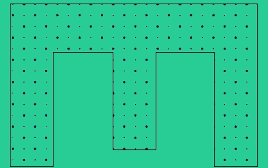
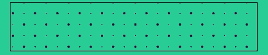
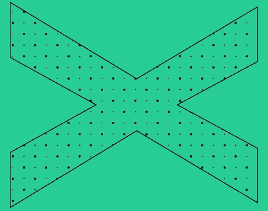
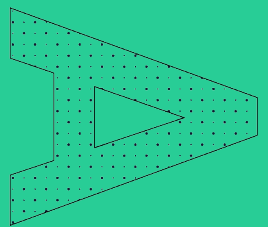
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# 1.

## History of Axie Infinity

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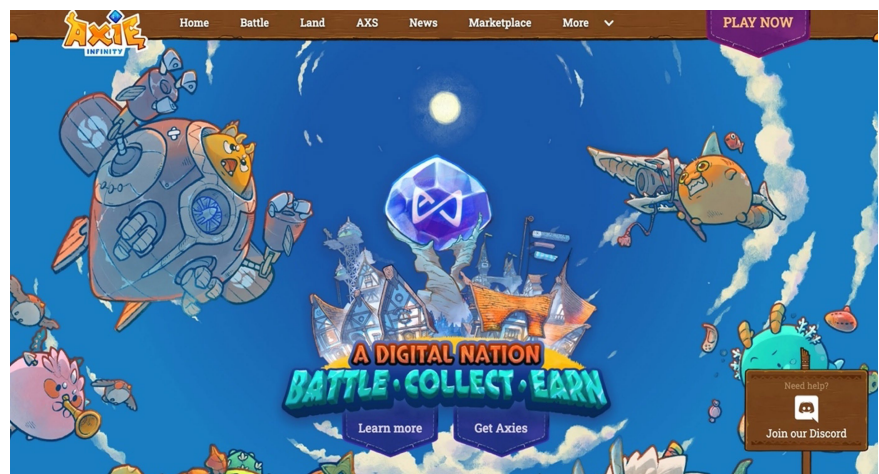
- ① Early years of Axie Infinity
- ② Development timeline
- ③ The status quo



Axie Infinity is a digital pet raising and combat game built on Ethereum. With its recent striking performance, it is all the rage right now. Axie Infinity offers players a digital universe that is a home to about 140,000 NFT Axies. Each Axie is unique and has its own features. Players can collect, raise, and control these Axies or breed, battle or trade them on the marketplace.

Besides Axies, Axie Infinity also has NFT land plots and ERC-20 game tokens, SLP (Small Love Potion), which are used to breed Axies. An Axie can only be bred up to seven times. Each subsequent breeding requires more SLP tokens. Players can also earn SLP tokens in the PvE adventure mode and PvP arena. The native governance token, AXS (Axie Infinity Shards) is used for governance, mortgage and payment by users on the platform. Users can use NFTs, game assets and native tokens to trade on Axie Marketplace or Uniswap.

## Introduction of Axie Infinity



Source: Axie Infinity official website, KuCoin Labs

## Axie Infinity Market

Recently listed

Axies

Lands

Items

Bundles

#1736555

Breed count: 0

31

41

31

61

a few seconds ago

≈ 0.349

\$662.11

a few seconds ago

#2081416

Breed count: 0

31

41

31

61

a few seconds ago

≈ 0.4

\$758.87

a few seconds ago

#2085200

Breed count: 0

45

57

35

27

a few seconds ago

≈ 0.95

\$1802.32

a few seconds ago

#1134464

Breed count: 2

42

35

35

52

a few seconds ago

≈ 0.21

\$398.41

a few seconds ago

Recently sold

Axies

Lands

Items

Bundles

#2040132

Breed count: 0

31

41

31

61

a few seconds ago

BUYER

Sibuyas

(0x93...d2c1c3)

SELLER

YNDEE BOSS

(0x08b...2cd542)

≈ 0.48

\$910.65

a minute ago

#2011267

Breed count: 0

45

57

35

27

a few seconds ago

BUYER

Coi the Great 1

(0x721...e1010b)

SELLER

MonaTheVampire

(0x0d...90a777)

≈ 0.45

\$853.73

a minute ago

#1765703

Breed count: 4

42

35

35

52

a few seconds ago

BUYER

Eaglemann | Market

(0xb51...93af64)

SELLER

StarLord.21

(0x07e...f9b633)

≈ 0.2049

\$388.81

a minute ago

#2064532

Breed count: 0

42

35

35

52

a few seconds ago

BUYER

Lunacian #1125579

(0x186...7c8934)

SELLER

Lunacian #913302

(0xb63...d59989)

≈ 0.151

\$286.47

a minute ago

Source: Axie Infinity official website, KuCoin Labs

Axie Infinity introduced a business model called "Play-To-Earn", kicking off the movement of making money by playing games, and making NFT games a hit. Mark Cuban, the owner of the NBA's Dallas Mavericks, once said that "Now anyone around the world can make money while playing games."

## ① Early years of Axie Infinity

The original vision of the Axie Infinity team was to combine work and play using games in the future. Based on this, Axie Infinity believes that games need to empower players by providing them opportunities to earn money and to change the world by collecting and battling with creatures like Axies. Axie Infinity has been online for more than two years, attracting almost all players in the industry to join the “revolution”.

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## ② Development timeline

The idea and concept of Axie Infinity were conceived in December 2017.

In February 2018, Origin Axie raised 900 ETH. Later this year, it successively developed and published Axie-NFT market, breeding games and idle games, etc. In October 2018, the core team of Axie Infinity released the first combat system built on the game assets of Axie Infinity. The combat system was designed as an “idle combat” system, inspired by games like Final Fantasy Tactics and Idle Heroes.

In January 2019, the team sold land for the first time and raised 3,200 ETH. In March 2019, the Axie Infinity team set out to develop a real-time card combat system and an Axie Infinity app, which was released in Alpha in December 2019. During this period, the team launched the Layer 2-based land/item NFT marketplace, the Unified Land and Axie marketplace and the community alpha (a card battle game).

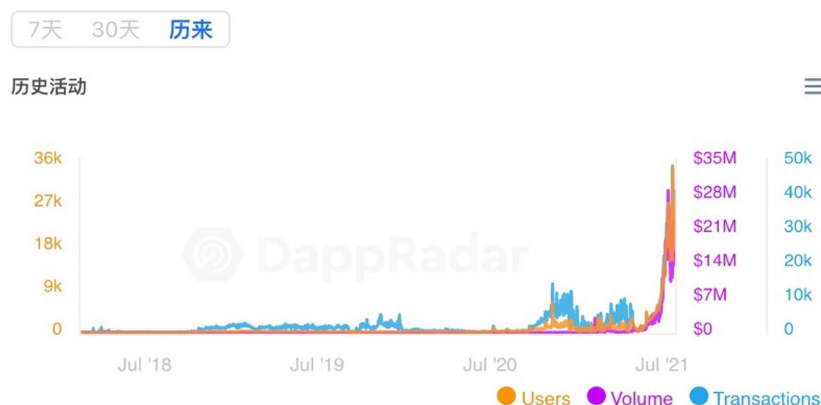
In Q1 2020, all land assets of the project were sold out, raising more than 4,600 ETH. Then in July 2020, Axie Infinity joined Ubisoft Entrepreneurs Lab and released Ronin sidechain in the testnet. In August 2020, the alpha version of the Axie Infinity land game went live. By October 2020, the app had been downloaded more than 15,000 times cumulatively, with more than 7,000 weekly active users. In November 2020, the company raised investment funds of \$860,000 through the strategic sale of AXS, and recorded a trading volume of about \$2 million on Axie Marketplace.

In 2021, Axie Infinity started to plan on operating Community Treasury managed by AXS holders. In Q2 2021, the team migrated Axies onto Ronin sidechain and started to work on several major upgrades. The team expects AXS Staking to go online in Q3 this year. Land Gameplay Community Alpha is scheduled to be launched in Q4. The AXS ecosystem will be launched later this year or early next year, including the governance and Play-To-Earn mechanics. The mainstream version of Axie Infinity for iOS/Android, Battles V2 and Ronin-based Decentralized Exchange (DEX) will be released at the same time.

### 3 The status quo

#### Statistics of Axie Infinity after Going Online

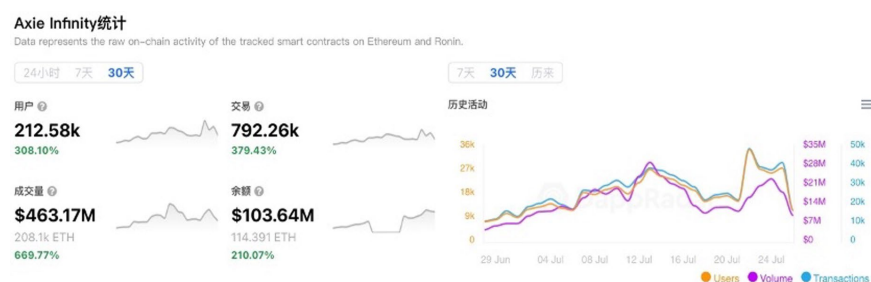
According to DappRadar, Axie Infinity saw a significant growth in 2020 since it went live. In particular, from May 2021, the number of users, the number of trades and the trading volume have been growing visibly.



Source: DappRadar, KuCoin Labs

In July 2021, Axie Infinity recorded a maximum number of 487,000 trades in a single day, with the number of active users on the same day up to 347,000. The maximum daily trading volume reached \$2.91 million, the highest in history. In July, the number of users on Axie Infinity platform hit 210,000, up 308.1% from the previous month. The trading volume grew by nearly seven times to achieve \$460 million. Axie Infinity was probably not in the sight of mainstream game players in the past, but its performance in July 2021 was striking, demonstrating the appeal of blockchain games and of the "Play-To-Earn" model to players. The blockchain gaming segment, led by Axie Infinity, is challenging the traditional gaming industry.

#### Statistics of Axie Infinity in July 2021

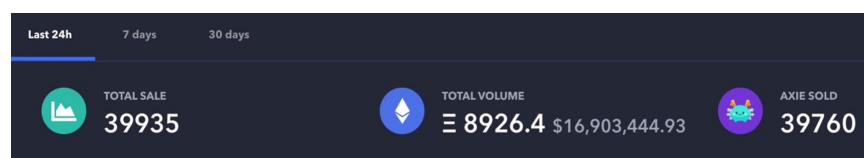


Source: DappRadar, KuCoin Labs

Axie Infinity's Marketplace page shows that a total of 1,019,845 deals amounted to \$424 million were completed on the Marketplace during the past 30 days ending July 19, 2021. There were 39,935 deals worth \$16.9 million completed during the past 24 hours alone.

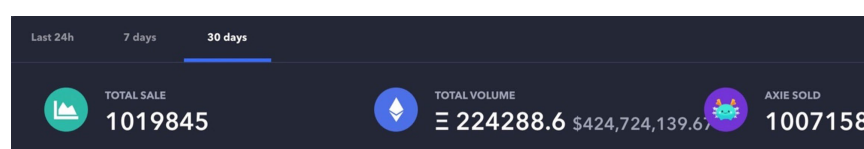
It is fair to say that the great leap of Axie Infinity this time is partly due to the boom of NFT market in 2021, and partly due to the adjustments made by Axie Infinity: Recently, Axie launched its own mainchain to improve its overall performance by significantly reducing the gas fees and optimizing the gaming experience. Meanwhile, Axie Infinity has been implementing the "Play-To-Earn" incentive mechanism. The incentive goes up dramatically with the continuous price surge of the main token AXS, attracting more people into Axie Infinity's gaming world.

### Trading Data of Axie Infinity within 24 Hours



Source: Axie Infinity official website, KuCoin Labs

### Trading Data of Axie Infinity within 30 Days



Source: Axie Infinity official website, KuCoin Labs

The launch of Axie Infinity's proprietary Ethereum sidechain Ronin and the release of the documentary Play-to-Earn could be the key catalyst for the explosive growth of the game over the past two months.

Axie Infinity's proprietary Ethereum sidechain Ronin is essentially an app chain (a proprietary blockchain developed to meet the specific needs of an app). Ronin wallet integrates a payment gateway to significantly lower the entry threshold; while the transfer of primary operations from Ethereum to the app chain results in significantly reduced user costs and a faster response. The move of deploying the app chain has brought Axie Infinity both fame and wealth. It has seen explosive user growth over the past two months, with daily active users jumping from 38,000 at the end of April to 252,000. It is undeniable that Axie Infinity is a successful example in app chain deployment.

The so-called "Play-To-Earn" is one of the business models that have long appeared in traditional games. For example, some players of the World of Warcraft and Onmyoji can earn money by selling game equipment. Axie Infinity upgraded this model to a new level, to enable players to earn real money through these easy-to-play NFTs games. For example, the platform will grant rewards to players who have actively participated in the virtual economy usually in the form of in-game assets and tokens, which can be traded or sold on the open market for real assets. This is a significant change in the gaming industry, as in traditional games, it is difficult for players to trade or sell their digital assets outside of the platform.

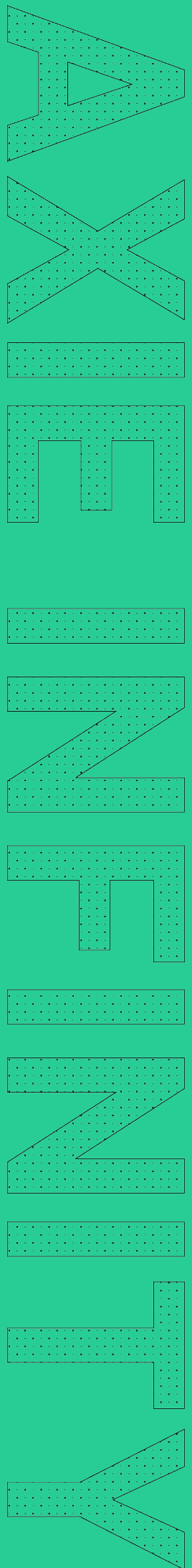
The current super-high yield of Axie Infinity has indeed attracted a large number of econnoisseur, but it remains uncertain whether the platform can retain these players when the yield drops. However, if the game can attract enough consumptive players, it can surely sustain its long-term operation. Even if the yield of the platform gradually drops, with the development of blockchain games, the games can gradually become more attractive, then eventually can achieve a healthy balance.

# 2.

## Current development of blockchain games

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- ① Difference between blockchain games and traditional games
- ② Blockchain game circuit outside Axie Infinity





## Current development of blockchain games

### ① Difference between blockchain games and traditional games

According to Newzoo, a game data website, there were up to 2.6 billion game players in 2020 and the number is expected to exceed 3 billion by 2023. The website also noted that in 2020 the games developed for players could generate an annual revenue of \$160 billion, larger than that of the global music industry and the film industry combined.

Whereas traditional games effectively license digital assets to players, a blockchain game economy allows for the true ownership of a digital good, supported by the technology that writes the link between the digital asset and its owner on an immutable blockchain.

In traditional free-to-play games, virtual goods flow in one way: players buy virtual goods from game developers and can only use them in the games. These goods often have specific features that can help players level up, or add to the visual appeal of other in-game assets, such as avatars, home of a game character, tools or equipment. Consequently, the players who have or can afford add-ons and enhancements have an overwhelming advantage over those who do not or cannot.

By contrast, in the gaming world, players have real and transparent ownership of digital assets in the goods economy. They can not only buy goods, but also earn from and resell them, generating income that enables them to buy more and better goods. All these require a trustless system -- Through creating an immutable, transparent record for every trade, the blockchain technology makes it possible for digital game assets to be owned by users instead of a centralized server.

Developing from games played in game centers on the street to computer games, from single-player games to a variety of online games, and from client games, browser games to mobile phone games, video games have gradually become an important part of people's lives. In recent years, thanks to the development and improvement of new blockchain technology, all kinds of blockchain games have emerged, injecting new vitality into the traditional gaming industry. Simply speaking, blockchain games are an ingenious combination of traditional games and blockchain smart contracts, with their architecture or partial module built on a blockchain.

Obviously, traditional games are very different from blockchain games. Due to the safe and transparent nature of blockchain, all data from games built on it are recorded on the chain, such as game rules, props and commodities, and cannot be arbitrarily modified by anyone. Therefore, the ownership of games belongs to the players, thus protecting their rights and interests. At the same time, blockchain games allow players to transfer and sell their game assets at will, providing opportunities for people to make money. Currently, most blockchain games on the market are still in their infancy. Although there are advanced concepts and technologies, improvements are still needed in terms of game playability, user experience and the way to attract players.

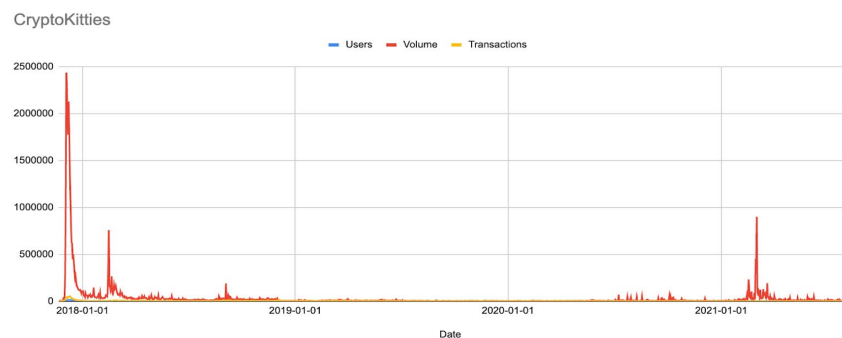
As for traditional games, all data, including users' real assets, are stored in a centralized database of game manufacturers. Players only have access to them, while manufacturers can tamper with users' data at will. In extreme cases, users' assets can be encroached. In comparison, traditional games are less transparent and secure, and it is difficult for users to make money from them. Of course, traditional games also have one big advantage - they allow game developers to tailor the games' content to players' habits to improve the user experience, and most traditional games are very playable.

## 2 Blockchain game circuit outside Axie Infinity

Trading Volume Line during CryptoKitties' Going Live

### 2.1 Early blockchain games

CryptoKitties is the first phenomenal DApp, and is by far the longest-lived gaming DApp. It set a record of more than 14,000 active addresses in a single day (December 9, 2017), which briefly blocked Ethereum transactions.



Source: Compiled by KuCoin Labs

From the traditional game players' point of view, this is not a game in a real sense. People are attracted merely due to the novelty of the blockchain's "transaction property" and the "exclusive and private nature of assets". At the same time, this is the first blockchain game with a relatively high degree of completion in terms of the game mechanics and UI design, while the DApps of other small game from the same timeframe are basically in the prototype or demo stage.

CryptoKitties is a milestone, and the team behind it, Dapper Labs, has proved that there is not just token issuance on Ethereum, but a larger space for imagination and creation.

In "examining" blockchain games from about the same period as CryptoKitties, a number of early gambling projects in the circuit were identified. Notable examples include DAppEtheroll, which uses simple number games to set different odds for various betting options, and the open-source smart contracts allow players to look at bookmakers' advantages.

Moreover, various passing games also emerged, including CryptoCountries. Each country is auctioned off on the marketplace as a separate ERC-721, but the next player must pay a higher price (1.2 times the price) to buy it from the previous player. The price difference as proceeds will go to the previous player, and the developer will take a 2-5% commission on the transaction. On the first day of the lunar year in 2019, the price of "China" token went from 3 ETH to 639 ETH overnight.

More dramatically, PoWH 3D, with its game mechanics being “investment bonus”, hit a new record with the contract balance of nearly 20,000 ETH, and daily active users of 3,000. In the game, players can buy contracted tokens with their ETH, and each transaction (both buying and selling) is charged a flat fee of 10%, which is distributed to all token holders based on the number of tokens they hold. This mechanics makes players more willing to stay in the game to collect bonuses and keep bringing in new players.

As the market picked up steam in 2020, the vitality of casino games declined. Transaction games are no longer attractive to game players due to the single mechanics that drastically shortened the life cycle of games from two weeks to a few days.

These miscellaneous blockchain games were later effectively transitioned into a number of gaming projects represented by Axie Infinity.

In the new field of blockchain games, developers are constantly improving the balance of games to extend their life cycles. At the same time, it was noticed that blockchain games also start to simplify the game logic, to lower the game entry threshold and increase the players’ engagement; Setting of combat animals and PvP mechanics make games more playable and strategic while enhancing interactions with players. The wide application of the bonus and lottery mechanics is even more attractive to mainstream blockchain game players.

## 2.2 Overview of blockchain game circuit 2021

According to DapperRadar’s latest ranking, Axie Infinity is the only blockchain game based on the Ethereum ecosystem among the top 10 most popular blockchain games in July 2021. Other games are mostly based on BSC, ThunderCore and other Ethereum EVM-compatible public chains, as well as on the ecosystem known as “NFT public blockchains” like WAX.

























Top 10 Blockchain Games in July 2021

Only New Dapps

24H

7D

30D

		CATEGORY	PROTOCOL	BALANCE	USERS	VOLUME	ACTIVITY	
1		Alien Worlds	Games	 WAX	\$0.00	959.63k +51.26%	\$0.00	
2		CryptoBlades	Games	 BSC	\$1.77M	468.94k +11493.13%	\$81.04M	
3		Axie Infinity	Games	 ETH	\$113.59M	224.29k +300.32%	\$520.12M	
4		My DeFi Pet	Games	 BSC	\$44.00M	168.48k +673.27%	\$55.68M	
5		Upland	Games	 EOS	\$43.92k	151.89k +37.60%	\$74.20k	
6		Galaxy Blocks	Games	 ThunderCore	\$10.94k	87.74k +25.03%	\$16.60k	
7		Jelly Squish	Games	 ThunderCore	\$1.08k	69.57k +29.63%	\$5.91k	
8		R-PLANET	Games	 WAX	\$0.00	61.17k +28.11%	\$5.30k	
9		TTGuess	Games	ThunderCore	\$3.59k	42.05k +23.14%	\$2.04M	
10		Math War	Games	ThunderCore	\$146.26	38.57k +135.13%	\$2.07k	

Source: DapperRadar, KuCoin Labs

In terms of the underlying public chain infrastructure, the public chains, headed by BSC and ThunderCore, have successfully captured the developers who originally built the ecosystem around Ethereum with their higher performance and lower gas fees, bringing a good wealth effect and traffic to small and medium-sized projects, teams and communities.

Obviously, BSC ecosystem received a strong support in terms of commercial resources and channels from Binance, and the launch of the Binance NFT platform further promotes the breeding of NFT gaming projects in BSC ecosystem.

The building of ThunderCore (also known as TT Chain), as a public chain, started in 2017 by a team enjoying profound resources among the international Chinese community. In addition to advancing technology development on a long-term basis, ThunderCore has also set out to seek more resource sharing channels. In 2021, ThunderCore realized cross-chain compatibility with BSC, Heco and other exchange public chains, could effectively direct traffic and support the small boom of TT chain ecosystem.

WAX, as an NFT public blockchain, was based on the reconstructed EOS. Its CEO, William Quigely, was also a co-founder of Tether. The WAX team has previously worked on well-known projects such as Xsolla and Animoca Brands, and also released NFTs for famous IPs, including Deadmau5, Atari and Capcom. Trading card giant Topps, which launched its NFT cards based on WAX in April 2021, sold 70,000 NFT packs of smokes within an hour of its launch, setting an NFT sales record. Although amid the upward market trend of NET, the WAX public chain itself is still ecologically active.

As shown on DapperRadar, among the top 10 most popular blockchain games in July 2021, in addition to pet/character PvP games like Axie Infinity and Crypto Blade, there were also Alien World, Upland and other metaverse games, trade pledge games like My DeFi Pet and R-Planet, traditional blockchain puzzle games like Galaxy Blocks, Jelly Squish and Math War, and casino games like TT Guess.

In summary, the game type is not the sole factor restricting the growth of blockchain games. The ecosystem, community and the network of resources behind it are often major drivers of traffic to a gaming project. Ethereum, ThunderCore, WAX and other underlying ecosystems share one similarity: in terms of the layout of non-Asian markets, a small Asian blockchain game circuit is forming around BSC.

Undersuch an ecosystem as Ethereum, Axie Infinity has actually achieved targeted expansion of Asian markets based on consolidation of Western resources, and smooth connection with the blockchain gaming industry from the origin to the terminal, as a milestone project in the industry that cannot be ignored.

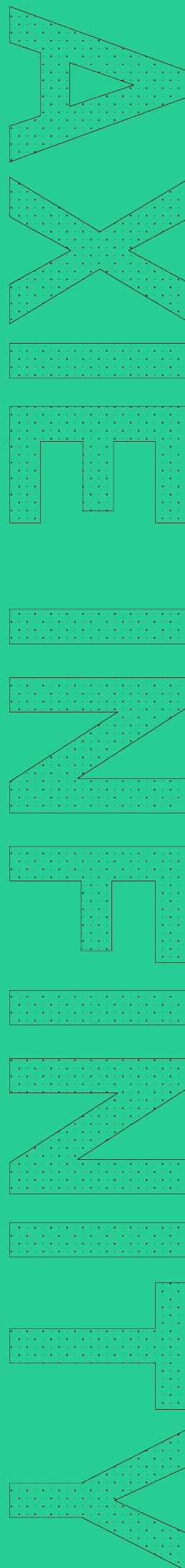
Similarly, BSC, as the bottom public chain, also has the potential to connect all available resources. BSC's ecological team is actively cooperating on non-Asian markets and constantly expanding the geographical boundaries of the communities and resources, which, in the long run, will contribute to the development of the entire Binance ecosystem.

# 3.

## Reference value of Axie Infinity's successful experience in gaming project investment

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- ① Axie's nearly perfect closed-loop game economy
- ② Rise of blockchain gaming guilds
- ③ Conclusion and prospect



## Reference value of Axie Infinity's successful experience in gaming project investment

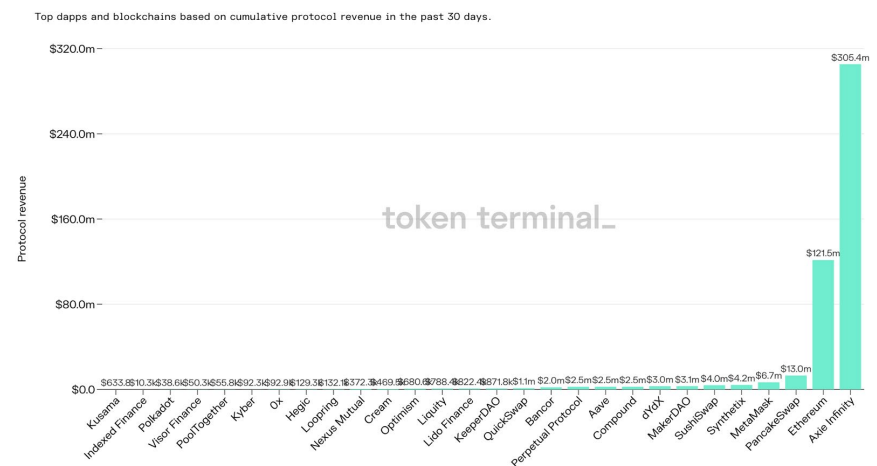
### 1 Axie's nearly perfect closed-loop game economy

Blockchain Protocol  
Revenue in July 2021

Market Performance of  
Axie Infinity's Token AXS  
in July 2021

Why can Axie Infinity become the last phenomenal product, and what lessons can we learn from it when investing in blockchain gaming projects? These are the main contents to be discussed in this part of article. In general, the success of Axie Infinity is inseparable from the following two points: One is Axie's nearly perfect closed-loop game economy, and the other is the rise of blockchain game guilds.

According to data of Token Terminal, Axie Infinity has generated a protocol revenue of \$149 million over the past month, more than 10 times that of the MetaMask, MakerDAO, Compound and other leading projects in different circuits.



Source: Token Terminal, KuCoin Labs

In relation to price trend, Axie Infinity's native token AXS also had an amazing performance. GoinMarketCap data shows that as of 10:00am on July 28, Beijing time, AXS was quoted at \$47.75, up 28.4% within 24 hours, with a weekly jump of 216.6% and a monthly jump up to 1191.8%.



Source: CoinMarketCap, KuCoin Labs

Axie's tokens AXS and SLP are also utility tokens to be used in the game. For example, breeding an Axie requires tokens. The higher the breed count, the more SLPs are required to breed Axies again.

The higher the market demand for Axies, the higher the price, the stronger the motivation to breed Axies, and at the same time, more AXS and SLP will be consumed, which will drive up the price of AXS and SLP. At present, the market price of an ordinary Axie is about \$200-500, so calculated based on the costs of its first breeding, there is still room for profit. Of course, the higher the breed count, the more SLPs will be consumed, and the higher the breeding costs will be, which will also refrain players from breeding more Axies. This is also a balance of the internal economy.

Furthermore, the demand for Axies comes from players' ability to earn SLP in the game. Players may earn 150 to 600 SLP, depending on their ability. Based on the current prices, they may earn about \$40-160 per day. The game costs players at least 3 Axies (battle with 3 Axies), and if the average price is \$300 per an Axie, players need to invest at least \$900 to start the game. Assuming that players earn a small cash reward of about \$50 per day, it will take 18 days for players to recover the costs. This is a simple calculation just for the purpose of illustration. As the prices of Axie and SLP fluctuate all the time, the above figures are not accurate and are only for simple logical illustration.

## 2 Rise of blockchain gaming guilds

The scale of Axie players expands quickly. Besides the fun of the game, another important reason is the rise of gold mining studios or "guilds". In places like the Philippines and Venezuela, many people are willing to make a few hundred dollars a month by playing games. This is a handsome income against the local income levels.

What is important is that people can not only play games, but also make money. Similar to shared-car drivers and food deliverymen, those game players earn money through their own labor. Playbourers, who are employed and trained by gaming guilds, can learn how to play the game much more quickly, and for them, to play is to work.

### 2.1 Axie Infinity pusher-YGG

By far, the best-known gaming guild is Yield Guild Games (YGG). YGG is a decentralized autonomous organization (DAO) that invests in NFTs used in virtual worlds and blockchain-based games. YGG's mission is to create the largest virtual world economy, optimize its community-owned assets for maximum utility, and share its profits with token holders. YGG combines the advantages of NFT and decentralized finance (DeFi) spaces to bring yield farming to the game economy while adding value to these virtual worlds by developing the content and economy of these games.

Founded in 2020 when the coronavirus pandemic was raging across the world, YGG is a gaming guild mainly composed of Filipino players, and is also the earliest group to implement and practice the concept of “Play-To-Earn”. Amid the chronic job insecurity caused by the pandemic, many people in the Philippines are flocking to YGG as an alternative way to make money.

It may be said that the formation of YGG gives the real economic and social value to Axie Infinity and even the wider blockchain gaming world. The job opportunities it provided are a good fit for a region with a large youth population, high job-waiting/unemployment rates and easy Internet access.

The incentive behind this economic model is the income from playing the game. Players can monetize their time and labor by “working” in the game, with the earnings up to two ~ three times the local minimum wage in the Philippines.

At this point, YGG’s business model is clear: Players may, via Axie Infinity, obtain tokens and earn a decent income, and YGG may help different games to attract players.

Poster of YGG  
Token IDO



Source: SushiSwap MISO, KuCoin Labs

In Axie Infinity, YGG has launched a few official Axie battle matches, which are livestreamed and commented on Twitch, and are expected to attract more new players to form a positive cycle.

At present, many game publishing platforms are paying increased attention to cooperation with gaming guilds. For example, MixMarvel, a blockchain game publishing platform, recently announced establishment of a strategic partnership with YGG. In this cooperation, the two parties will provide users with a blockchain product experience integrating games, community and asset management based on the MixMarvel ecosystem. YGG community members will receive the MixMarvel Eco-Pass (DID), prioritizing their rights for experiencing new products and new asset rewards within the MixMarvel ecosystem; MixMarvel will also receive full community-construction support from YGG.



Like MixMarvel, many blockchain gaming projects have recognized the value of cooperation with YGG, and YGG has also started to act on its own initiative. From investment layout to “stationing” of game players, YGG has also successively invested in Zed Run, Star Atlas and Ember Sword. At the same Time, YGG is buying NFT assets in large numbers from many blockchain games, from racing cars in Formula 1 Delta Time to land in SandBox and League of Kingdoms.

The arrival and rise of YGG have successfully integrated the economy, games, the metaverse and communities. It is expected to further advance the game economy model in the future to shape the initial form of the metasverse.

## 2.2 YGG’s Axie Scholarship

Axie Scholarship is an effective incentive for YGG team members and players. By March 2021, YGG had more than 240 applicants winning scholarships, with the total value of SLP tokens earned exceeding \$3 million. Through the Axie Scholarship mechanism, YGG has also become a large guild that can build games on multiple blockchains at the same time.

Axie Scholarship is a scholarship provided by Axie Infinity, and also the core of the exquisite operation of YGG’s three industrial chains. Players start earning SLP tokens in the game by applying for scholarships to get 3 Axies to be assigned by the “administrator” as production tools at almost zero upfront costs.

After having accumulated a certain amount of SLP tokens, players may apply for activation of the smart contract by the administrator, who will recover the tokens and pay the earnings to players in cash. About 70% of the earnings will go to players, 20% to the administrator, and 10% to YGG. The earnings of YGG will also be used to purchase new in-game equipment and be distributed to YGG members.

On the other hand, YGG members are doing things for the sake of the public using SLP earnings, such as buying food for the local community and providing food for the elderly. A documentary produced by YGG also shows how people in cabanavantan city, the Philippines, have improved their livings through playing blockchain games.

On July 6, 2021, YGG formally established its Thailand branch. Thailand’s social environment, market environment and pandemic prevention situation, which are similar to those of the Philippines, allow YGG to quickly replicate its successful experience accumulated over the past year, and continue to export more professional players to the blockchain gaming industry. Therefore, it can be expected that YGG will strengthen cooperation with and support for popular blockchain gaming projects in the future.

## 2.3 YGG, a feast for only a few

Yield Guild Games brings a new business model to the blockchain game circuit as another new component of blockchain gaming projects. On July 27, 2021, the whole guild took a milestone step toward building the DAO organization: Yield Guild Games launched its token YGG IDO in SushiSwap MISO. All shares in IDO were sold out within 1 minute for \$12.49 million. A total of 32 addresses successfully participated in the IDO, with the token trading price averaged at \$0.5 USDC.

Performance of  
YGG Token IDO



Source: SushiSwap MISO, KuCoin Labs

However, the IDO was not designed to limit the amount of a single address, and transactions were executed based on the contract script previously written by participants with strong resources and ability, resulting in YGG tokens being snatched out in two blocks for concurrent execution; second, the gas fee for each transaction was significantly increased to accelerate the on-chain packaging speed.

It was noticed that addresses beginning with 0x71D88 snatched about a third of the total sales, or about 9 million YGG tokens. Two transactions for snatching YGG tokens in IDO were executed concurrently under one contract, with the paid gas fee up to 1.16 ETH, effectively accelerating the on-chain packaging.

## Addresses Starting with 0x71D88 Snatching YGG Tokens

Overview	Internal Txns	Logs (2)	State	Comments
Transaction Hash:	0x8f02aa8e00d6417939a5c3028ca8f5ca408b2a4e2c0b8390616c1d112f2c5			
Status:	Success			
Block:	12908471 126530 Block Confirmations			
Timestamp:	19 days 17 hrs ago (Jul-27-2021 02:00:21 PM +UTC)   Confirmed within 30 secs			
From:	0x49e6a7e7d322c41436ebd62aa118b83524f90d3			
Interacted With (To):	Contract 0x71d88062cb2174fb83212340b6f0031ad8483557			
Tokens Transferred:	From 0x71d88062cb217... To 0x85ce294f0e32b... For 4,528,000 (\$4,528,000.00) USD Coin (USDC)			
Value:	0 Ether (\$0.00)			
Transaction Fee:	1.16621505 Ether (\$3,830.28)			
Gas Price:	0.00001001 Ether (10,010 Gwei)			
Ether Price:	\$2,301.98 / ETH			
Click to see More				
Private Note:	To access the Private Note feature, you must be Logged In			

Source: Etherscan, KuCoin Labs

In other words, YGG's issuance of governance tokens this time, aiming to transform itself into a DAO organization, failed to achieve the absolute universality of benefits and decentralization. Early governance tokens and related interests are still in the hands of a few.

## 3 Conclusion and prospect

Axie Infinity tells a colorful and layered story in the crypto space. Collectors love Axies for their rare and mysterious parts and for the scarce plots in Lunacia real estate market. And investors begin realizing that an Axie is a cash-generating machine with plenty of room to grow. Game players with competitive spirit are increasingly interested in head-to-head combating in the Axie Arena. Finally, Axie Infinity is heartwarming by providing unprecedented economic opportunities for those in need. It's a game that allows ordinary people to enjoy the fun of life while being financially successful. Axie Infinity is leading a revolution in the gaming industry by introducing the model of "Play-To-Earn", and showing no signs of slowing down.

The industry practitioners can also learn from Axie Infinity's successful experience when planning blockchain gaming projects in the future, and pay attention to the guild effect and the closed economic mechanism of gaming projects. Of course, as the development of blockchain games expedites, they cannot purely rely on the past experience, rather, they should keep learning and moving forward.

