

Piccolo Research

Independent research on blockchain startups and ICO's

A brief analysis on Pinknode (PNODE)

12 May 2021 – Lennard Neo, CFA

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PINKNODE (PNODE)

An Infura for Polkadot

Summary

Pinknode seeks to build a novel infrastructure layer to projects building on the Polkadot ecosystem. By providing node-as-a-service solutions, projects or dApps will have access to high quality, secure and reliable network data that maximizes the projects' uptime and data integrity.

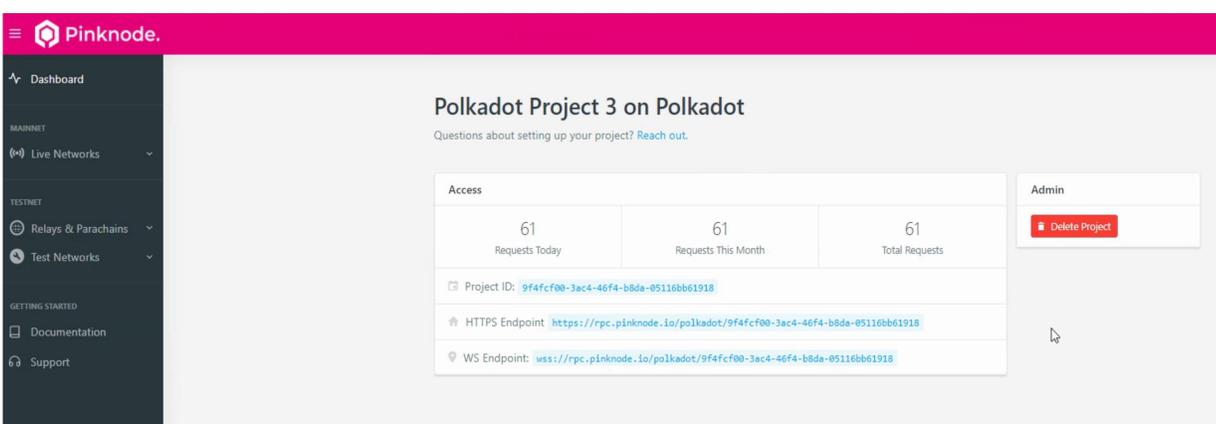
Concept

MVP

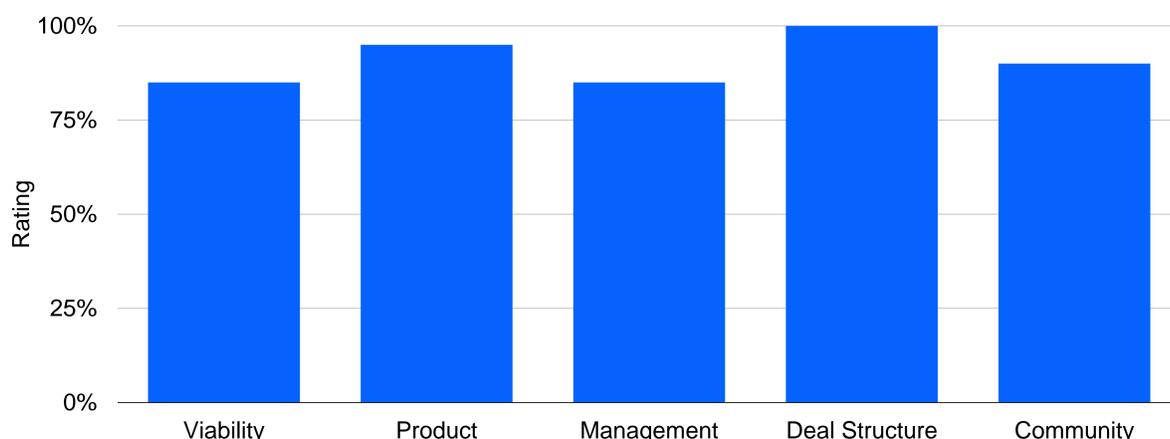
Established

The emergence of Web 3.0 has taken the internet by storm, as users prime the importance of controlling their data and personal privacy grows. However, the migration from Web 2.0 to Web 3.0 poses many challenges, creating gaps within the blockchain infrastructure, and increasing the barrier of entries. The lack of third-party middleware thus creates the opportunity for Pinknode in this space.

Pinknode aims to reduce the layer of inefficiencies and complexities by providing API endpoints to the Polkadot Relay Chain, as well as parachains deployed by projects to enable seamless communication across a network of multiple parachains. This significantly reduces the workload of new projects, enabling faster integration, jumpstarting projects straight into the ecosystem. The team has also launched their MVP and is almost complete with a sneak peek of the screenshot below.



Birds-Eye View



Buy



General

Ticker: PNODE

Website: [Click here](#)

Light Paper: [Click here](#)

Telegram: [Click here](#)

Public Sale Details

Pricing: \$0.035

Date: 14 May 2021

Platform: Polkastarter

Vesting: 50% upfront, 50% 1 week later

Total Supply: 200,000,000

Initial market cap: \$0.58m

Fully diluted market cap: \$7m (diluted basis)

Token Sale %: 2.14%

Initial Circulating Supply: 8.4%

Checklist

Management: ✓

Product: ✓

Commercial: ✓

Interest: ✓

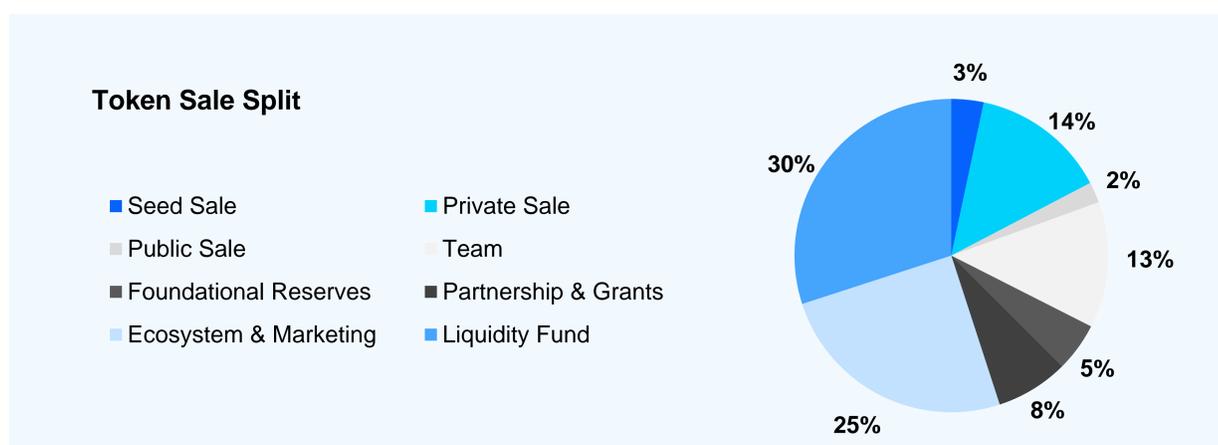
Fulfilment: ⚠

Token Sale

Token Details	Details
Public Sale Date	14 May 2021
Sale Platform	Polkastarter
Token Symbol	PNODE
Token Type	Utility
Issuance Platform	ERC 20 initially, before migrating over to Polkadot
Total No. of Tokens	200,000,000
Price per Token (Public sale)	\$0.035
Price per Token (Seed/Private)	\$0.015 / \$0.025
Accepted Tokens	ETH
Lockup (Public Sale)	50% lock and 50% 2 weeks later
Hardcap	USD 0.15m (Investors own 2.15% if Hard Cap reached)
Market Cap Valuation	USD 7m (Fully Diluted basis assuming hard cap reached)
Market Cap (Based on Initial Cir. Supply)	USD 0.58m
Token Lockup (Investors)	20% unlock, 13.3% monthly over 6 mths (Seed) 25% unlock, 25% monthly over 3 mths (Private)
Token Lockup (Team)	9mth lock, 25% quarterly thereafter

The main token functionalities of PNODE is 5 folds:

- **Network Access** – PNODE required to access platform services
- **Payment** – A medium of transfer for transactions
- **Buyback and Burn model** – A portion of revenue and fees earned will be used to buy back and burn the tokens. This reduces supply and accrues value to PNODE holders
- **Staking & Operating Nodes** – PNODE will be required to run nodes, enabling users to earn block rewards and additional 3rd party airdropped tokens (Double reward mechanism)
- **Governance** – Token holders can participate in voting and creating proposals on the direction of the platform (fee structure, onboarding of parachains, number of nodes to deploy, the role of nodes, etc)



Team & Advisors

Eric Poh (Co-Founder) – Eric has got a track record of founding companies since 2013 and has 12+ years of experience in sales, business development and marketing. He is an early investor in Bitcoin and Ethereum since 2014 and graduated with honours in Banking and Finance from the University of London.

Benjamin Lau (Co-Founder & CTO) – Ben has over 5 years of experience as a full stack developer and has led over 20 projects from MVP to production. He has a bachelor's degree with Honours in Computer Science from the National University of Singapore.

Lester Lim (Strategic Advisor) – Lester is a prominent figure in the crypto space and has incubated great projects. His experience in digital marketing and commerce has enabled him to build a strong network in blockchain. He is also Advisor to Blank wallet, Polkafoundry, Oddz, MahaDAO, DAOVentures and more.

Garlam Won (Marketing Advisor) – A familiar name among crypto projects, Garlam carries the credentials of ex-head of marketing at Harmony, ex-investment banker at JP Morgan and an ex-management consultant at Deloitte. He has been involved in many early-stage DeFi and NFT projects, most of which have had significant success.

Xane Au (Core Developer) – Xane has over 10 years of full-stack and 4 years of blockchain development experience. Xane was the founder and lead developer of Techknow IT solutions and Co-Founder of Trinide.

Roadmap

Roadmap	Developments	Status
Q3 2020	Conceptualisation of Pinknode	<i>Completed</i>
Q4 2020	Seed Round Fundraising	<i>Completed</i>
	Feasibility testing of nodes	<i>Completed</i>
	Documentation (Whitepaper, Deck, etc)	<i>Completed</i>
Q1 2021	Corporate Structuring	<i>Completed</i>
	MVP Development	<i>Completed</i>
	Private Sale Fundraising	<i>Completed</i>
Q2 2021	Public Sale (IDO)	<i>In Progress</i>
	Launch User Dashboard	<i>Completed</i>
	Launch of MVP	<i>In Progress</i>
Q3 2021	PNODE Governance Contract	
	Onboarding of Parachains	
	Onboarding new users	
Q4 2021	Development of Websockets	
	Development of Custom APIs	
	Load Balancing & Clustering of Nodes	
2022	Decentralize Node Operations	
	Upgrading of Nodes to Validators/Collators/Fishermen	
	Ecosystem participation in ecosystem governance	
	Governance for Parachain onboarding	
	Centralized caching of data, Latency optimization	

Opportunities

- Most companies providing infrastructure service are centralized companies such as Infura, Azure and IBM. Pinknode seeks to achieve full decentralization and fair governance system with PNODE token
- Most third-party middleware focuses on the Ethereum blockchain and is overcrowded, creating a huge potential for Pinknode to build on the Polkadot platform
- Total market share is big enough for projects to accommodate more than 1 services provider for data endpoints
- Infrastructure service type projects are limited. Out of 83 IDOs since Apr, only 2.4% are infrastructure service projects versus 47% DeFi projects
- Low micro-cap deal structure (\$950k raised) and a low initial market cap of \$580k provides huge upside potential

Conclusion

In conclusion, Pico Research presents a **'Buy'** with **4.5 stars** rating on Pinknode. The project presents a rare commodity by operating a decentralized infrastructure service in an overcrowded space of IDOs and new listings that are mainly within the DeFi, NFTs and Blockchain sectors.

In lieu of an exponential increase in the number of dApps built on blockchain platforms over the years, Pinknode is well-positioned to enable seamless connectivity across projects operating within the Polkadot network. Adding on a user-friendly dashboard and analytics, Pinknode encapsulates its first-mover advantage in this ecosystem.

Pinknode's low initial market capitalization (\$580k) places it well below average in terms of valuation amongst its peers. A \$30m market cap (at Apron network's valuation) would price PNODE at \$1.80, which we believe is still undervalued should the team deliver.

Notwithstanding the above, Pico acknowledges that the project's limitation to just the Polkadot ecosystem undermines the potential to include other platforms. However, our communication with the team has affirmed that this is their core focus at the moment but will be open to developing on other blockchains in the future.

Overall, in light of the preceding, Pico Research affirms a **'Buy'** rating on Pinknode.

Competitors (centralised Entities)

Name

Amazon Managed Blockchain
IBM Blockchain Platform
Azure Blockchain Workbench
Salesforce Blockchain
Chainstack
BlockCypher
Factom

IDOs by Sector

Sector	%
Artificial	1.2%
Blockchain	24.1%
Cloud	2.4%
DeFi	47.0%
Exchange	2.4%
Fan	1.2%
Financial	1.2%
Gaming	4.8%
Infrastructure Service	2.4%
IOT	1.2%
Marketplace	1.2%
Trading	8.4%
VR	1.2%
Others	1.2%

Source: Cryptorank, Pico

Comparative Valuations

Competitors	Market Cap (\$)
Pinknode*	\$0.58m
Ankr	\$1,085m
Apron Network	\$29m
Saito	\$17.3m

*Initial Market Cap

Source: Coingecko, Coinmarketcap

About the Analyst

Lennard specializes in fundamental and technical analysis in digital asset investments. He became acquainted with blockchain, cryptocurrency and ICOs in 2016, and recently decided to take a meaningful step away from traditional banking to join this industry. Previously, Lennard spent 3 years with an investment bank in Forex and Debt Capital Markets. Prior to this, he also had entrepreneurship experience working with an e-commerce startup and a local social enterprise. Lennard completed the CFA program and graduated with a master's degree in Applied Finance. He is fluent in English, Chinese with a basic in Korean.

Ratings Definition

Monitor – Continue observation until clarity of information is provided

Sell/ Avoid – Investment is associated with high risk of losing capital

Hold/ Neutral – To maintain current levels of position until the next updated release

Spec Buy – A speculative opportunity for investors with higher risk tolerance

Buy – A high conviction buying opportunity

Disclaimer

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