



Investment Thesis

Algorand

ALGO

Basic Information

Token type	Native Currency
Price	\$0.11
GCCS Classification	Smart Contract Platform, Infrastructure, Native Currency
Sector	Smart Contract Platform

Source: CoinGecko, Data as of November 4, 2024

Key Metrics

Price Range (1Y)	\$0.11 - \$0.32
All-Time High	\$3.24
All-Time High Date	21 June 2019
Down From All-Time High	96.60%
Market Capitalization	\$909M
Volume (24H)	\$65.69M
Circulating Supply	8.27B ALGO
Max Supply	10B ALGO
Total Value Locked (TVL)	\$82.08M
Annualized Protocol Revenue	\$645.58K

Source: CoinGecko, DeFiLlama, Artemis
Data as of November 4, 2024

Overview

Algorand is a **smart contract platform** that aims to solve the "**blockchain trilemma**," a belief that blockchains can only provide two of three benefits with respect to **decentralization, security, and scalability**. The founder of Algorand, Silvio Micali, received the Turing Award – the "Nobel Prize of computer science" – for his contributions to cryptography, including co-inventing probabilistic encryption, Zero-Knowledge Proofs, and Verifiable Random Functions.

Algorand's primary innovation is a consensus mechanism dubbed **Pure Proof-of-Stake (PPoS)**, which works by randomly selecting committees from the participating ALGO holders using a unique cryptographic randomization tool called the VRF, or **Verifiable Random Function**. PPoS can tolerate an arbitrary number of malicious users as long as honest users hold more than two-thirds of the total stake in the system. As a result of this design, Algorand can **finalize blocks in seconds with immediate finality, without forks, and with low fees**. Algorand is powered by the **Algorand Virtual Machine (AVM)**, which supports smart contracts with Turing-complete languages (i.e., it can solve any computational problem). The utility of the blockchain's native token – ALGO – is to secure the network, pay for fees, and yield voting rights in an imminent on-chain governance process.

- **May 26, 2017:** Silvio Micali and Jing Chen published Algorand's theoretical paper. That same year, Micali founded Algorand Inc., a for-profit company focused on the ongoing development of the network.
- **June 19, 2019:** The Algorand Foundation held a token sale of ALGO on CoinList, marking the official mainnet launch of Algorand's network.
- **March 2, 2022:** Algorand announced "State Proofs," a new interoperability standard that securely connects blockchains to the outer world without trust in an intermediary.

Key takeaways

- **Algorand's Pure Proof-of-Stake** leverages cryptographic tools like Verifiable Random Functions (VRF) to randomly select validators. This enables block finalization in seconds, with low fees and no forks.
- **Powered by the Algorand Virtual Machine**, the platform supports Turing-complete smart contracts, enabling developers to build versatile and complex decentralized applications (dApps).
- Algorand's "State Proofs," introduced in 2022, provide a secure and trustless standard for connecting blockchains to external systems, paving the way for enhanced interoperability.
- The native token, **ALGO**, secures the network, facilitates low-cost transactions, and grants voting rights for future on-chain governance initiatives.

Risk factors

- **Adoption Risk:** Algorand's ecosystem struggles with low adoption compared to high-performant blockchains like Avalanche or Solana.
- **Developer Traction Risk:** With only 38 full-time developers as of 2023, Algorand's development pipeline is constrained, potentially delaying innovations and limiting the pace of ecosystem growth.

Price Performance



Source: CoinGecko. Data from November 5, 2022 - November 4, 2024

Total Value Locked



Source: Artemis. Data from November 5, 2022 - November 4, 2024

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