



Investment Thesis

Optimism OP

Basic Information

Token type	Native Currency
Price	\$0.59
GCCS Classification	Blockchain Accelerator, Infrastructure, Native Currency
Sector	Blockchain Accelerator

Source: CoinGecko, Data as of April 8, 2025

Key Figures

Price Range (1Y)	\$0.58 - \$3.36
All-Time High	\$4.84
All-Time High Date	6 March 2024
Down From All-Time High	87.6%
Market Capitalization	\$992M
Trading Volume (24H)	\$198M
Circulating Supply	1.657B OP
Maximum Supply	4.29B OP
Total Value Locked (TVL)	\$808M
Annualized Protocol Revenue	\$23.2M

Source: CoinGecko, DeFiLlama, Artemis
Data as of April 8, 2025

Overview

We're at the internet dial-up stage of crypto, where infrastructure needs to scale up to meet the demand of intensive applications, and Optimism is at the forefront of this vertical. **Optimism is a Layer 2 smart contract platform for decentralized applications on Ethereum**, designed to utilize the strong security guarantees of Ethereum while reducing its cost and latency. Optimism bundles users' transactions and submits them to Ethereum, paying a share of the transaction fees to Ethereum validations. **Optimism is an Optimistic roll-up protocol that inherits Ethereum-level security.** Therefore, Ethereum adopts an innocent-until-proven-guilty approach with Optimism transactions. The Optimism team, token-holders, and investors own and govern the protocol. **Optimism's block production** is primarily managed by a single party, called the "**sequencer**," which helps the network by providing transaction confirmations and state updates, constructing and executing L2 blocks, and submitting user transactions to Ethereum. Like Ethereum, the sequencer has a mempool; however, it is kept private to avoid opening opportunities for MEV. Nonetheless, **further decentralization is in Optimism's roadmap.** Optimism's investors include Paradigm, a16z, and IDEO CoLab Ventures.

- **January 2021:** Optimism launched its mainnet, laying the foundation for Ethereum scaling.
- **May 31, 2022:** The OP token was introduced, enabling decentralized governance and value sharing across the ecosystem.
- **June 6, 2023:** The Bedrock upgrade reduced gas fees by 40%, introduced a two-step withdrawal system, and cut deposit times from 10 to 1 minute. Bedrock also introduced the OP Stack, a framework enabling standalone networks such as Base, OpBNB, and Zora, fostering an interconnected ecosystem.
- **August 2023:** Revenue-sharing agreements with OP Stack networks boosted Optimism's ecosystem growth and financial sustainability.
- **June 2024:** Cannon Fraud Proofs enable zero-knowledge proofs in the Superchain, reducing costs and improving security and interoperability across OP Stack networks.
- **Q1 2025:** Latest hardfork doubled network throughput (2-4K TPS), reduced latency to 1.2s and enhanced system for resolving disputes.

Key takeaways

- Optimism **directly contributes revenue to Ethereum**, scaling its ecosystem, positioning itself as a potential high-beta play.
- Optimism enables faster transaction execution and lower gas fees while **maintaining Ethereum's security guarantees**, making it a go-to solution for accessing Ethereum's ecosystem efficiently.
- The **OP token drives governance and supports ecosystem growth**, with strategic initiatives such as multiple airdrops fostering adoption.

Risk factors

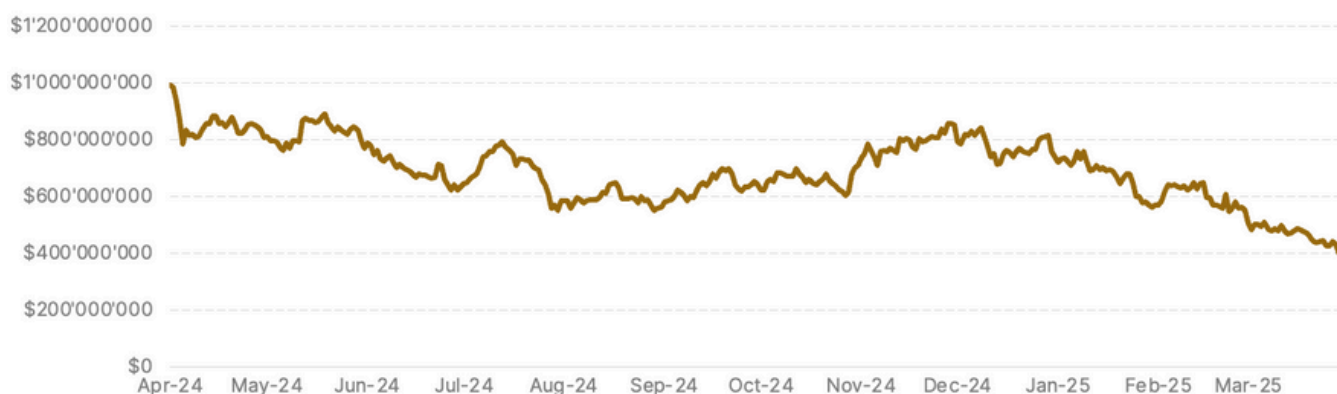
- **Regulatory Uncertainty:** Legal framework for scalability solutions like Optimism remains undefined, posing risks to long-term adoption.
- **Centralized Sequencer Risk:** Optimism's sequencer has centralized control, which could bypass governance mechanisms, raising concerns about security and fund safety.
- **Competitive Risk:** Emerging solutions like zkEVM networks offer enhanced security and closer alignment with Ethereum, potentially challenging Optimism's market share.
- **Fraud Proof Gap:** The absence of implemented fraud proofs requires users to trust the Optimism Security Council without direct verification, presenting a critical security vulnerability.

Optimism (OP) 1-Year Performance



Source: CoinGecko. Data from April 10, 2024 - April 9, 2025

Total Value Locked on OP Mainnet



Source: Artemis. Data from April 10, 2024 - April 9, 2025

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