

Project Rating Update

NEO

Downgraded

BB Stable Outlook

Analyst | Vita Chen
Dec 2018

Downgrade Reason

The mainnet of NEO has been operating for two years, and its ecosystem has developed slowly. Currently, about 80 DApps have been built on the NEO's mainnet. There is no roadmap presented on the official website, only a plan for Q2-Q4 2018 was released in the progress report in May 2018. There is no clear future progress planning. NeoX, which was planned to be developed in Q4 2018, has no updates in GitHub. As of December 2018, the financial report originally scheduled for Q3 2018 has not been released. In summary, TokenInsight downgraded the rating of NEO from BBB to BB, with a stable outlook.

TokenInsight provides customized service such as project code analysis and project community analysis, etc. For more information, please contact bd@tokeninsight.com or visit tokeninsight.com

NEO 2018 Performance

Decentralization process

1

NEO adopts the dBFT consensus mechanism, and 7 consensus nodes participate in the blockchain accounting. Of the seven consensus nodes, five are run by the NEO Foundation, and the remaining two are run by the NEO developer community COZ and Royal KPN N.V.. NEO plans to open the consensus node election and vote in 2019.

2

NEO 3.0 - A version built by the NEO platform for large-scale commercial application services. It improved with higher TPS and stability, extended smart contract APIs, optimized economics and pricing models, etc.

The version development began in Q2 2018, but there has been no clear roadmap so far.

3

In Q3 2018 the NEP-8 NeoVM stack isolation and NEP-9 URI plan were completed.

In Q4 2018 the NEP-10 Composite Smart Contract was completed, and the NeoX initial test plan was suspended.

NEO

Risk

Rating **BBB**

NEO is committed to building a distributed network “smart economy”, empowering P2P networking and digital certificates. NEO is the native token representing the right to manage the overall network. The project has been running for years and is supported by a large global developer community. However, the NEO token faces large deflation risks due to its fixed total supply. In term of its ecosystem, the popularity of NEO-based DApps remains low. Additionally, its Consensus Nodes are centralized, which raises higher risk of failure from fault tolerance.

Summary

Team

Founder & CEO, Hongfei Da (Huanping Song)

- 2014 - Present: Founder and CEO of NEO
- 2005 - 2013: Founder and CEO of InPass Consulting
- 2004: Graduated from Zhejiang University
- 2001: Graduated from South China University of Technology

Founder & CTO, Erik Zhang

Zhang is the author of the dBFT consensus mechanism, and independently implements the core code of all the Small Ants (re-branded to NEO). Before the founding of the Small Ants, Zhang served companies such as Shanda Games and Firecoin.

Project

NEO is a distributed network that combines digital assets, digital identities and smart contracts.

Consensus Mechanism: dBFT

The dBFT is called the Delegated Byzantine Fault Tolerant, a Byzantine fault-tolerant consensus mechanism that enables large-scale participation in consensus through proxy voting.

Token Design

In the genesis block of the NEO network, 100 million NEOs are generated. NEO stands for management rights of NEO network, including voting for bookkeeping and NEO network parameter changes. The minimum unit of NEO is 1 which cannot be subdivided.

NEO Distribution

50 million tokens were allocated proportionally to supporters of NEO during its crowd-funding as the first portion of token distribution. The second portion was 50 million NEO managed by the NEO Council to support NEO's long-term development. The vesting period of this portion is 1 year, dated after October 16, 2017.

Ecosystem

Market Cap: \$ 1,584,508,078

Ranking: 14

NEO-Based DApps: 73

Outlook	Stable
Label	General Platform
Total Supply	100,000,000
In Circulation	65,000,000

Score

TEAM



PROJECT



ECOSYSTEM



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5 Sep 2018

AAA: The technical foundation is extremely solid and project risk is extremely low.

AA: The technical foundation is very solid and project risk is very low.

A: The technical foundation is solid and project risk is relatively low.

BBB: Technical feasibility is very good and project risk is controllable.

BB: Technical feasibility is good and the risk of the project is moderately controllable.

B: Technical feasibility is moderate and project risk is limited to a controllable extent.

CCC: The technical foundation or idea has certain problems and the project has relatively large risks.

CC: The technical foundation or idea has considerable problems and the project carries large risks.

C: The technical foundation or idea has substantial problems and the project suffers from extremely large risks.

D: The project is riddled with problems and carries an extremely high risk of failure.

TokenInsight only conducts evaluations based on quality and risk for the token projects examined, and does not make evaluations with regards to investment or valuation. For this reason, TokenInsight reports do not function as a reference for token investment.



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