

The House (THH): An Art-Focused P2E NFT Trading Card Game

Weak buy



Figure 1: Sample image (from project's Discord)

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Executive Summary

I consider this PVE project a **weak buy** as is (PGMI, or “possibly gonna make it”), but I might upgrade this recommendation if internal and external factors change. The mint has not gone well (currently just over 10% minted), but the project has some strong factors that seem to have been overlooked. These include superb art, a compelling premise, and a strong dev team. Drawbacks and weaknesses include a **very large collection size, low social media engagement, rapid rollout** with little time to build community, and the value proposition existing in the premise and aesthetic rather than innovation. However, depending on how the team responds to the mint progress and how the market responds to the project over the next 12-72 hours, the House’s fortunes could change and it could be a success.

BULL VS. BEAR CASES
THE HOUSE NFT

- Premise + art add unique value & fresh interpretation of PVE / P2E games
- Team includes proven professionals & a hands-on, doxed team
- Crossover appeal + low mint price could inject new liquidity into NFT
- Detailed and publicly-available plan for expanding game & building it into the metaverse

- 10k Collection too big with low wallet mint limit, suppressing demand & stalling mint
- Limited social media engagement
- < 2 weeks of comm building before launch
- Reactive not proactive response to slow mint
- Supporters losing patience
- Art is "wrapping" on PVE model, project lacks innovation
- De Medici hasn't leveraged connections - why?

WWW.THEHOUSENFT.COM

Figure 2: Executive Summary of Bull & Bear Cases

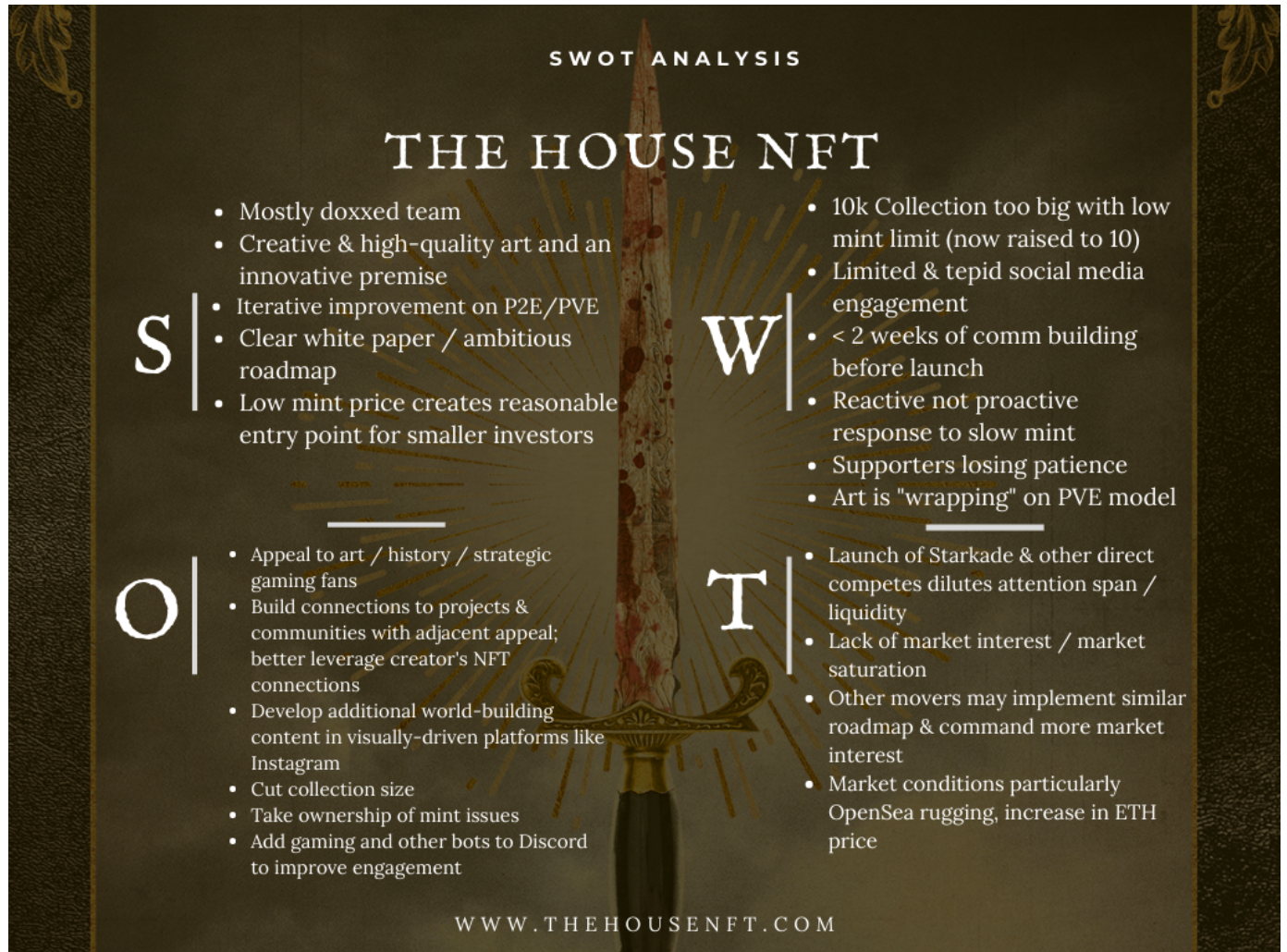


Figure 3: SWOT summary

Basic Information and URL's

Specs: Ethereum, ERC-721

Contract: <https://etherscan.io/address/0x5cc14afdf5037255fe6001ebf6acd081e3ed0d91>

URL: <https://www.thehousenft.com/>

OpenSea: <https://opensea.io/collection/the-house-game>

White paper: <https://medium.com/@thehousegame/the-house-an-art-focused-p2e-nft-trading-card-game-b0bc46722872>

Elevator pitch: “An Art Focused P2E NFT Trading Card Game” P2E/ PVE + Renaissance painting aesthetic + iterative improvement over prior P2E / PVE + some influence from Euro strategy games.

Value Proposition: A fairly nuanced P2E game with extremely good art and some strategic layers that go beyond simple PVE by adding the premise of an intriguing era of history known for a unique art style and a contract that improves upon early movers. The art, premise and game mechanics work together to add value in a space dominated by derivative pixel art. The planned later stages add additional strategic layers besides the generic risk / staking model.

Segment / Who It Appeals To: The combination of P2E and “art history” content creates opportunity for relatively broad appeal.

In a best-case scenario, House could bring in NFT newcomers who enjoy similar card games or who have an interest in this unique historical / artistic era. It could also attract fans of comps like Gods Unchained.

For investors, this is definitely more of a **long-term play than a quick flip**, though if it goes nuts there could be some quick flip potential.

Is this a derivative? In form but not aesthetic, unless riffing on classic European painting counts as “derivative.” The staking and game mechanics are virtually identical to many other PVE’s.

Meta/Trend: P2E, may be first mover for “Italian early Renaissance aristocracy” meta

Size: 10K ▶

Mint price: .055, max mint now 10 (as of 1 February); was previously 3

Mint status: Began with 6-hour (!) presale on 31 January . ▶ Now on public, 989/10,000 ▶

Social Media Engagement & Impressions

Discord: 9.28k ▶

<https://discord.gg/ShUVWuFS>

Seems engaged with authentic (non-bot / Fiverr grinder) conversation

As far as I can tell, Discord opened 1/15, website launched 1/18, and minting began 1/31 ▶

I think a better strategy would have been to build community for longer prior to launch, especially with a 10k collection and such ambitious scope. A longer buildup would’ve led to more anticipation.

Considering how art-driven the project is, I don't understand why they're not using image-native social media platforms like Instagram or YouTube.

Papi De Medici is on the Discord daily and directly answers project questions, even tough ones, instead of delegating to mods. That’s a good look. However, nobody’s really taking ownership of the slow mint.

Medium: @TheHouseGame

Twitter & Associated Accounts:

@TheHouseGameNFT 0 following, 3,556 followers, joined 1/22

@PapideMedici, 73 following / 4,385 followers, joined 2/21

Discord vibe (1/31 to 2/1): Disappointed, frustrated, icy politeness, forced optimism

Discord engagement: Language-specific channels for Korea, China, France, Vietnam.

Moderately active Korean, Chinese-language channels. France & Vietnam channels less active.

Not a lot of specific engagement-farming games to be seen. Fan art and meme channels are rather sparse. ▶

of Scammers who DM'ed me about this specific project within 24 hours of my joining the

Discord:¹ N/A (as of 12 PM PT 2/1, 0 but I also disabled DM's)

Gimmicks and / or Partnerships:

Papa de Medici is sponsoring a 25 ETH giveaway of Capsule House Zodiac Set to Capsule holders and minters of House. He posted a relatively thoughtful Twitter thread about why he decided to run it the way he did. Is this a red flag? On the one hand, it can build interest for House in the Capsule community; on the other hand, seems a little off-brand and misses opportunities to tell his project's story.

Team

@PapideMedici, papidemedici.eth

0x344409c83d9c2ffd7a50fd78bd9a1af58f3fc35c

The apparent creator, he appears to be the only one who's not IRL-doxed or dox-able, at least after 2-3 hours of doing my own research. He's active in The Degenaissance and XCOPY. His OpenSea is also @PapideMedici (he's recently minted "test cards" that look identical to House). He was a big holder of Zodiac Capsules & still holds five Larva Chads that are *not* in his hidden folder. 🙄 ▶

Nansen labels his wallet as "Epic NFT collector," "High Activity," "Medium Dex Trader,"

"Sandwich Attack Victim," "EIP 1559 User," "Metamask Swap User," and "papidemedici.eth,"

“TheJims.eth*,” and “Hamgeneral.eth*” . Most of his revenue and realized gains appear to have come from Artblocks, Meebits, and Capsule.

@CozomodeMedici follows him on Twitter.

Designer: Kevin M. Smith, “Art bro for hire,” <https://linktr.ee/kevbros>

<https://www.linkedin.com/in/kevin-matthew-smith/>

Has degree from UCLA & a lot of experience if not the world’s most professional LinkedIn.

Asst. designer: @hawkyNFT

Dev: Michael Moodie @michael_moodie (Twitter), <https://www.linkedin.com/in/mikemoodie>

Moodie’s company is @nightshiftxyz, A Seattle- and Toronto-based Web3 agency

<https://www.nightshift.net>

Night Shift has worked on Rug Radio and Sound Mint, and with Adobe, Saint Cloud,

“n4t3” – couldn't find information on him/her/them. I think s/he is/they are part of the Night Shift team.

Discord Mods:

Grindin#8888 (<https://www.twitch.tv/dgrindin>)

Andes#6946 (Andy Nguyen)

GasMask#1306

OGC#6264 https://twitter.com/ayushhh_10

LoxBagel#6951

loki_moments#3357 <https://twitter.com/MomentsLoki> , <https://opensea.io/collection/artificial-output>

White Paper / Roadmap

- Four-phase plan laid out “over the next four to six months,” culminating in a metaverse playable game.
- Mechanics and rarity: Relatively typical staking / risk play articulated as “crossed swords” (65%) “daggers” (10%) and “shields” (25%).

- **Staking:** In Phases 1 & 2, staked “crossed swords” yield 5,000 \$HOUSE daily. Claiming \$HOUSE grants 15% of yields to dagger holders, unstaking has a 50% risk of all accumulated yield being stolen by daggers, but shields “cumulatively decrease the chances of a dagger being able to steal your non-genesis mint by .5% up to 10%.” Staked daggers have a 10% chance of stealing newly minted non-genesis Crossed Swords or Daggers.
- **Unstaking:** Shields can be unstaked at any time with no penalty (but, according to the white paper, how dare you...you’d be leaving your armies vulnerable!). Crossed swords can be unstaked after 36 hours of \$HOUSE accumulation. Unstaking daggers has no risk.
- White paper is **very professional**. Surprisingly good grammar, very thorough discussion of strategy, clear credit to predecessors in P2E and description of how they think they’ve improved
- **Separate roadmap and white paper**, effectively, which I usually like: A detailed white paper for nerds, and a quick infographic for ADHD degens.
- As a longtime Eurogame ~~nerd~~ player, I see the strategic influence and think this might have **crossover appeal to board gamers**.
- **Releasing it as public domain**. “Feel free to use the game and the information we share with you in any way you want.” This may be buzzword-y and an attempt to replicate other games, but it did stick out to me.
- Maybe this is hindsight, but **I would’ve liked more content on the Medium page**, particularly about the launch or business strategy, as well as more about the giveaway they’re doing. The Medium page promises ongoing updates, but the only content there as

of 1 February 2022 is the white paper.



Figure 4: Brief roadmap, from project site

Other Observations and Analysis

Blue chip / “Smart Money”² involvement:

According to Nansen, two separate “smart money” wallets (1 “Hodler,” 1 “Trader”) minted & are still holding (as of 1:30 PM PT 1 February).

Response to adversity:

I think the team has been OK at responding to the slow mint but could do better. On the plus side, they’re in the Discord, de Medici himself is giving the type of updates that are usually delegated to mods, seemingly because he wants to not because he can’t afford a team.

On the other hand, there’s been a lot of talking around the slow mint. I think it’d do a lot to explicitly say, “We were all hoping for this to do better, here’s our marketing roadmap for the next 72 hours.” Instead, the response has basically just been reactive: Responses to direct questions and statements about how the team will continue to build and “market.”

Direct Competes:³ Starkade, Raid Party, any other P2E / staking and risk game minting around

.05 - .08

Moats

See Note #3 under “Methodology” for more about moats and how I use them here.

I think that the art and strategy could set this project apart from many others in the P2E category, and the quality of the art is distinctly different from most others in the NFT gaming sector. It is also visually distinct from the majority of PFP and metaverse-ready content. I would characterize House as a **narrow moat** because of its unique premise and the quality of its art, with the quality and communicativeness of the team also contributing to this characterization. These factors could create a sustainable competitive advantage in the short-to-medium term and constitute a value proposition that could make both investors and players of the game / end users happy.

Value: The low mint price could attract a lot of buyers and make even flippers happy if there is enough buying pressure. If the team is able to move forward with its plans, particularly for the later stages of the game and to do so on its ambitious timeline, then I think this project is somewhat undervalued.

Growth Potential: There’s a lot of room for growth and adding on to the initial card game. The white paper outlines clear steps that culminate in a metaverse game, but there are no details on how the team would do so (this may have been answered in one of their AMA’s; a Discord member had posed a question about it for a future AMA so I imagine others have asked as well). Because of the low mint price, this could be a relatively low-risk play for those with low expectations and it might not take much for this project to gain more traction in the market.

WL Process

Unremarkable: Follow socials, Level 6 in Discord, 5 invitations, along with several Twitter giveaways.

Key Takeaways

Bull Case: The art and story are fantastic, and the creator has focused on organic growth. A slow mint out is not the kiss of death but rather could allow for the same kind of organic growth as in the anticipation phase, which will attract engaged and enthusiastic investors instead of quick flippers. The team is mostly IRL-doxed and the creator appears to be heavily involved in NFT's, so the likelihood of a rug is very low.

Bear Case: This is an overly ambitious project that's simultaneously ahead of its time and just a different kind of wrapper on the clichéd PVE/P2E meta. The team rushed community building, resulting in a failed launch. The 10k size and “nerdy” premise, combined with an initial presale per-wallet limit of 3, has killed momentum for a concept that already had tepid support at best. Launching the same week as Starkade, Raid Party, and Cyber Turtles was a bad choice and the creator seems to have put most of his resources in art and backend development rather than in community building. Six months is not enough to realize the metaverse-playable game.

Red flag count: About 8 ▶▶▶▶▶▶▶▶

Overall Recommendation: Weak Buy

Potentially good investment for: Gaming or history / art connoisseurs, investors with a longer time horizon and higher risk tolerance.

Rationale: There's a chance this project could become a hit. It's relying on organic hype, and the innovation in the art and premise were enough to persuade me, personally, to be a part of it. That said, this is not likely to become a future blue-chip unless something extremely fortuitous happens, such as a prestigious influencer tweet, a push by the team to increase visibility, or some other internal or external factor. I do not think this would become a major sensation for two weeks *a la* Creepz or Meka Apes, but it might have significant and possibly sustainable potential for the longer run and that is the play that would pay off for investors. The “opportunities”

section of the SWOT (Figure 3) details several recommendations that might appeal to team stakeholders and leveraging these opportunities might transform threats and weaknesses into strengths.

Methodological Statements, Errata, Disclaimers, and Notes

- 1) This method of analysis is a work in progress and will evolve over time.
- 2) **On Moats:** I use the term “moat” in a way that differs slightly from the traditional definition. Morningstar’s economic moat ratings, derived from Porter’s five forces, essentially categorize the likelihood of a company being able to withstand competition due to a sustainable competitive advantage.¹ Morningstar, however, assumes that the tension between companies and products drives from relatively interchangeable products and services, whereas NFT’s by definition are neither interchangeable nor substitutable. Morningstar’s wide / narrow moat dichotomy reflects a company with an expected competitive advantage of greater than 10 years (40 quarters) and narrow moats can do so for up to but not more than 10 years; some companies have no moats and are therefore considered to have little to no sustainable competitive advantage.

Given the fruit fly-like attention span in the NFT market, these timelines are obviously not meaningfully transferrable; given the non-fungible nature of this type of trading, the factors that create sustainable competitive advantage may also not transfer. Morningstar’s “moat” metaphor (taken from Warren Buffet) conceptualizes businesses as fortified castles that have to fend off invaders in the form of competitors, but this metaphor is ill-suited to the NFT environment, where value is considered to be synonymous with secondary market trading value rather than other customers flocking to competitors.

¹ See, for example: Morningstar, “Types of Narrow Moats,” news.morningstar.com, 2004, <http://news.morningstar.com/classroom2/course.asp?docId=145087&page=5>; Morningstar, “The Morningstar Economic Moat Rating,” Morningstar.com, 2016, <https://www.morningstar.com/articles/735365/the-morningstar-economic-moat-rating>; Michael E Porter, “The Five Competitive Forces That Shape Strategy.,” *Harvard Business Review* 86, no. 1 (2008): 78–93, 137. (*Site may be paywalled*)

Nevertheless, I try to use the “moat” concept as a way to distinguish projects with long-term potential for investing and financial value from others. I define a wide moat as a project that has or promises to have features such as but not limited to a) unique and compelling, high-quality content, b) a realistic, well thought-out, and nimble, resilient plan (“roadmap” or “white paper”) with distinct, action-oriented steps, c) stakeholders who are identifiable with a proven track record or indicators of success (for teams) and authentic (for fans / would-be investors), d) innovation of some sort, as well as e) the notoriously subjective “it” factor that seems to propel some projects to success.

- 3) I also count “**red flags**” (🚩) as potential subtractive factors that, if accrued to a high enough level, would dissuade me from recommending or investing in the project.
- 4) **Disclaimers:** This is **not financial advice**. I am **not a financial advisor**. I do not have a twin who is a financial advisor. Nobody has ever mistaken me for a financial advisor, not even from a distance or in poor lighting. Don’t take any of this as financial advice under any circumstances. Actually, don’t ever take any of my advice seriously in *any* realm of your life, other than to hire me because *gosh darn it, I am fantastic*. Regardless, I’m not the person to go to for advice about money, careers, that noise your car is making, why your pet is throwing up on the floor, or what you should eat.
- 5) **Objectivity and disclosure statement:** Other than minting, thus far, one card, and following this project on social media, I have no financial or professional relationship with the House NFT. They have not asked me to do this, I have not shared this report with them, and they probably do not even know I exist.
- 6) **Accuracy:** The information reported herein is accurate to the best of my knowledge and ability and was last checked on February 1, 2022.

¹ I interpret repeated spoofing and scam attempts as bullish signs for any project: The more people are trying to trick people into thinking they’re minting a hyped project, the more demand there and the more bullish I am on the project.

² I have a few issues with Nansen’s “smart money” category being used as an indicator of project value; I’ve discussed them a couple times in the Portal. However, other people seem to value this category and so I’m retaining it here since it constitutes a data point.

³ Although by definition NFT’s are not interchangeable and therefore “direct” competes may be a misnomer as well as qualitatively less useful than in the traditional investment sphere, I define these as comparable projects in utility, aesthetic, and price point with a similar launch timeline.

Secondary References

Morningstar. “The Morningstar Economic Moat Rating.” Morningstar.com, 2016.

<https://www.morningstar.com/articles/735365/the-morningstar-economic-moat-rating>.

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