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## Proposal: PolkaBTC Beta Testnet Incentives

**Proponent:** 14dadfNNKM8vD26BFcEgi4AEJcMEzq6GFKT975sDTj8Tzopc (Interlay)

**Date:** 9 February 2021 (last updated: 16 February 2021)

**Requested DOT:** 1300 DOT

**Short description:** Funding request for PolkaBTC Beta testnet incentives & tester rewards.

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1. **Context:** PolkaBTC is the trustless wrapped Bitcoin representation on Polkadot, imported via the Bitcoin bridge (BTC-Parachain) built by Interlay. More details about the bridge can be found here:

- <https://polkabtc.io/>
- <https://polkadot.network/bitcoin-is-coming-to-polkadot/>

More details on Interlay can be found here: <https://www.interlay.io/>

After a successful Alpha (private parachain instance hosted by Interlay) PolkaBTC is going live on Rococo and Interlay will be launching a public Beta testnet to test the secure operation of the system, in particular Vaults and Relayers. In addition, Beta testnet will feature first integrations with other parachains, Polkadot applications, and oracles.

2. **Problem statement:**

The Beta testnet is the final testing phase of the BTC-Parachain prior to launch on Kusama/Polkadot. It is of utmost importance to achieve a high participation rate to:

- Detect left-over bugs,
- Receive feedback from users regarding the UI/UX,
- Test the Vault and Staked Relayer client software,
- Test integrations with other applications/parachains,
- Test expected failures (e.g. exchange rate fluctuations, oracle crashes, ...) and high operation under high system load.

To achieve higher participation during Beta testnet, **Interlay is organizing a number of events, competitions, and challenges to actively test critical components of the bridge.**

However, Rococo testnets have no financial value and it is difficult to attract a sufficient number of testers to achieve sufficient testing of the system. Observations in practice show that most users will actively participate in such events if there is some form of financial incentive to do so.

Neither Interlay, nor the BTC-Parachain have a native token at the moment that could be used for this purpose.

### 3. Proposal for Funding Beta Testnet Incentives:

In absence of a BTC-Parachain token, Interlay would like to put forward a motion to **fund the PolkaBTC Beta testnet incentives in DOT from the Polkadot Treasury**.

Our target is to attract at least **500** end-users and **50** Vaults / Staked Relayers.

To achieve this target, Interlay suggests to allocate funding to pay out rewards for the following challenges / competitions, which are to be executed in waves.

- **Treasure Hunt.** Users must perform a list of actions to receive a small amount of DOT. To claim rewards, users must fill out the corresponding feedback form (will be similar to PolkaBTC Alpha testnet feedback form: <https://forms.gle/Nwyxt9ajME9CUpau7>). Rewards are only paid out if the feedback form was filled out properly.

- i. **End-users (award: 1 DOT per user for the first 500. 500 DOT in total):**

1. Get testnet Bitcoin from a BTC faucet
2. Get testnet DOT / ROC from PolkaBTC faucet
3. Issue PolkaBTC
4. Redeem PolkaBTC
5. Fill in the user feedback form

- ii. **Vault (award: 4 DOT for the first 50, 200 DOT in total):**

1. Download, build and run the Vault client  
(<https://github.com/interlay/polkabtc-clients>, tag will be provided)
2. Request DOT from faucet
3. Register as a Vault and provide testnet DOT as collateral
4. Run the Vault:
  - a. Serve at least 5 issue and 5 redeem requests
  - b. Maintain an SLA of 99% or higher for at least 24h
5. Fill in the Vault feedback form

- iii. **Staked Relayer (award: 4 DOT for the first 50, 200 DOT in total):**

1. Download, build and run the Staked Relay client  
(<https://github.com/interlay/polkabtc-clients>, tag will be provided)
  2. Request DOT from faucet
  3. Register as a Staked Relay and provide testnet DOT as collateral
  4. Run the Staked Relay:
    - a. Submit at least 1 Bitcoin testnet block
    - b. Maintain an SLA of 99% or higher for at least 24h
  5. Fill in the Staked Relay feedback form
- **Leader Boards (award: 100 DOT for Vaults, 100 DOT for Staked Relayers).**  
We compute a lifetime SLA score for Vaults and Staked Relayers (each desirable action adds to the score, a failure to Redeem reduces the score significantly). Interlay suggests to build a simple leaderboard for Vaults and Staked Relayers and allocate rewards in DOT to the top 5% at the end of each week for a period of 2 weeks (2 rounds). Scores are reset each week allowing new Vaults and Staked Relayers to join and have the chance to earn DOT rewards for participating.  
  
Rewards are only paid out if the feedback form was filled out properly.
  - **Lottery (50 DOT per round, 200 DOT in total).** To provide more incentive for users to create numerous transactions and stress-test the system, Interlay suggests to host a simple lottery. Once per week for 4 weeks, pick a random:
    - Issue request
    - Redeem request
    - Replace requestand award these users with DOT.

## 4. Payment conditions:

- **Total amount requested: 1300 DOT** (see breakdown above)
- **Payment date:**
  - i. **Beta testnet incentives:** ideally, before Beta incentives launch, **expected 28 February 2021**. Latest 15 March (expected campaign end).
- **Recipient address:**  
**14dadfNNKM8vD26BFcEgi4AEJcMEzq6GFKT975sDTj8Tzopc (Interlay)**
- **Contact:** [polkabtc@interlay.io](mailto:polkabtc@interlay.io)
- **Reporting:** Interlay will publish a report about the Beta testnet incl. the number of participants, issue/redeem volume and the distribution of the incentive rewards.
- **Unused funds:** Interlay will return unused funds to Polkadot Treasury within reasonable time after completion of the Beta testnet campaign.