Arbitrum Incentives Working Group – 2024/10/16 18:56 EEST – Transcript

Attendees

Alex Lumley, APLsdcOttr's Notetaker, Bee 926, Caesar Premia, Chris Sutherland, Coin Flip, Comms GMX (Jonezee), cr1st0f, Dan Peng, Disruption Joe, Iron Boots, James K, Jean-Luc S, JoJo, Joseph, Juan Hitce, Juan Ramiro, KR, Krzysztof Urbański, Leandro (Locha) Schlottchauer, Lindsey Winder, Lumen - Powerhouse, Lumen - Powerhouse's Presentation, Matt Grunwald, Matthew Stein, Mayank, Myrddin, Nandhakishor A, North, Sam Martin, Saurabh Dhekale, Saurabh Dhekale's Presentation, Sov __, T - Powerhouse, Tekr0x, Theodore Woodward, Tiago Ferreira, Traversi Normandi, Uhthred Of Bebbenburg, ZER8

Transcript

T - Powerhouse: Lower everyone.

Krzysztof Urbański: Little.

Lumen - Powerhouse: Good morning. Good evening.

Krzysztof Urbański: Let's take another three minutes probably together.

Krzysztof Urbański: Hello, welcome everyone from new reminder. That this call is being recorded. So, be mindful of that when sharing the Camera. And one thing else. Let's wait another one to two minutes or folks together. But overall, I'm super excited this today. We've got a great lineup, we'll have and a lot, GMX and our house. To share. Their insights from the previous programs. And I can't wait to hear them. Really.

Iron Boots: Hello.

Krzysztof Urbański:

Krzysztof Urbański: Alex, I will make you a co-host just in case if anything happens to me during the call so that you can Jump in is Alex actually here.

Saurabh Dhekale: He just,

Lindsey Winder: What's up everyone? Good to see you.

Krzysztof Urbański: Yes, it was.

Lindsey Winder: Matt now Kristoff, I've seen you in person now. we know each other.

Krzysztof Urbański: yeah.

Lindsey Winder: Good to Yeah, I just saw this on my telegram last minute. I thought I'd joined just listen and say what's up?

Krzysztof Urbański: So let me just Start offshore introduction. Thank you very much. Everybody for joining the call. This is another of the incentive for informal working group calls, where we share the experiences from the top past instance programs. But the goal is to work on future programs. And begin, I will just say that.

Krzysztof Urbański: Probably, even from the next call, I want to slowly turn from this, retrospective into some practice problem development. Also concept. I hope you like the fact that I want to send the signal same as we send a signal with detox that we want to help. I want to and another thing now that we start working on a program for the next. Yeah. But that still needs some work. But yeah, today let's have one more session of the retrospective. As I mentioned in the beginning will have powerhouse and DMX presentation to be mindful of time. Let's try to stick into 20 minutes.

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Krzysztof Urbański: Where if I propose access to minutes for the presentation and five minutes for discussion, I will be keeping the time so I will be cutting you off if the time is up. Yeah, and without further, delays powerhouse these stage, who should I Make a cohost to.

Lumen - Powerhouse: Can give it to me. Thank you Kristoff.

Krzysztof Urbański: okay, lumen, I will make a co-host so you can share your screen and do what they like, just one final reminder. This call is recorded, we'll probably the recording on the Forum as usual and that's previously. So yeah, Lumen's stage is yours.

Lumen - Powerhouse: All right, let's do it. Thanks for having us. So we're going through the website, We built our grants so for the Hermetic philosophers here, There's a saying ordo, ab cow, which means order from chaos and so we thought it was appropriate to say ordo arb cow for this. So t's here today who's our principal product manager and myself, who's a principal and strategy and operations, So the first question is, Who is powerhouse? we're not organizers work. So powerhouse is an ecosystem actor or basic contractor. That spun out of the maker now, sky, ecosystem in 2023,

Lumen - Powerhouse: We originally a core unit and so what we did is we built out a contribution team that would actually incubate other contributors and operational infrastructure for Maker down Sky. And so what that actually looked like was designing financial flows wallets structures and transparency dashboards so you could see what was going on with the organization. In addition to doing boots on the ground operation, helping them manage their organizations. And so, recently delivered Fusion.money which is leading ecosystem, transparency dashboard and this is bespoke to sky. And here's a little example of it on the left, you can see all the cash flows coming in 2024. And on the right, you can actually see what it says 2025, but it's the current present state. And this is actually taken from unchain data and aggregated in real time and And I suggest that you go check out this dashboard to see. Basically we're capable of because what we've done for L tip is quite modest.

Lumen - Powerhouse: What else required? So everyone's already aware of this, but I just want to run through it really fast, so I'll typically had six fundamental steps. It began in December 2023 with the drafting and ratification of the proposal. It moved into the RFP term, which was solicitation for grantees. Moved to evaluation which was the voting period. And after proposals were selected embedded, there's pre-operational due diligence. And again, this was kyc AML and the preparation for implementation and there's a little bit of delay in this phase. There was live operations which is the actual distribution of incentives, real-time reporting monitoring and compliance. And then there's a post-mortem which is unwinding and learning which of course is where we are today. And so powerhouse, we came in and we saw that we could add the most value immediately to live operations. The actual execution of the program.

Lumen - Powerhouse: And so, may not be a surprise to you, but actually, I'll tip operations were quite complex, I mean, we had 85 Grand T's that rewarded arbencentives. Each project was expected to fulfill six by weekly reports across the 12 weeks. And so what this gives you is 510 weekly reports that need to be monitored evaluated and confirmed for compliance. And so, how is this done before? the prior reporting workflow, utilized discourse forms. And of course, as you imagine discourse forms aren't really scalable nor discoverable. So, on the left, you actually see an example template and so form reporting. When does it work? it works. if we're doing an incentive for one project, we want to provide information and people will go and navigate to that one project. If we're giving out one 100 million, our grant, this would be a great way to do it.

Lumen - Powerhouse: But there's no real standard workflow, it's not possible to navigate the data, and it's a terrible UX, basically, your doom scrolling endlessly and they're not connected to each individual project. And so worse. Each forum post, despite having a standardized template, slightly changed everything to be bespoke to their platform, and that really undermines, the point of data ization. We want to standardized data so we can make predictions about it, and aggregate it and compare it, eight basically do A to B testing across different protocols

Lumen - Powerhouse: And so how do we fix this software? Workflows can standardize data obviously. So on the left, we've seen actual example of an ARB grants report. And so we use art science for permission. That means the verifiability in the provenance of data submissions so you can only edit your file using your signer but you have the ability to see everybody else's files so you have right access with your wallet and you have read Access to Everybody's project And so by defining the flow of user templates, a logical user experience comes out of this. And again, structured data AIDS accessibility. So this is an actual at a glance view that allowed the program manager to see in real time where each project was in terms of the reporting and compliance. And you can imagine instead of the program manager, having to navigate the form. Find the report. Determine if it's complete this automatically using the software.

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Lumen - Powerhouse: And so the question is, what did we actually do? what is involved in this work and so our Parents Arts, grants, utilize, three, primary work phases, Obviously. There's discovery and scoping. It's about six weeks. So we met with stakeholders to identify the existing requirements of tip again, one issues that we came in after the design implementation of L tip. And so there really wasn't a consideration of how to deploy this operational software. So we translated stakeholder requirements. So each different stakeholder what do they need and how do they need to interact with the data? So we turn that into a workflow UX And we converted the weekly report template into an embedded document within this user experience. So Phase Two was about eight weeks. We designed the software workflows and Implanted the back and in front ends to come up with a consolidated user experience for projects. And of course Phase 3 was 12 weeks and that was a live operations and frankly, it's still going on today. There are a couple stragglers that still have to get the reports in.

Lumen - Powerhouse: And this included the iterative A development communications with grantees and again the ongoing customer support. So you may not be surprised with this endeavor, actually, required significant resources. It was about 1500 hours across six months for the four primary roles and this doesn't really include some of the more peripheral support goals.

Lumen - Powerhouse: And so more the most importantly for us here what are the outcomes of our grants? 95% of projects created document and we can really use that as a corollary for a day, one retention. And about 86% submitted at least one report which is about a day seven retention. The program manager was able to monitor all projects on the weekly cadence. They were able to increase their efficiency improve it and improve their accuracy with this attic glance information. But it's not just that they're able to improve their efficiency, it's that they were able to do the task at all. Because when you think about having one person monitoring 85 form threads that are constantly changing and having to evaluate the completion of the information. If frankly is an impossible task and so, we're really going from a zero to one here. And so finally we also have user submitted data that's available for export to the Ardc. For example, the block works

Lumen - Powerhouse: But the data may have some issues because it's user submitted. But again this is basically an MVP. And finally, we have a positive UX and we had a lot of positive feedback from grantees and that we were the last mile interface with them helping to answer questions and helping them manage their reports. And so here's a cute little quote that came from the form. You can go see it, it's in the I Tip, Retreactive funding request, while there is plenty of disarray in the program, which is I tip, things that can be improved, especially in the automated data collection, requirements or communication. The art grant site was the most functional aspect. And so thank you, we actually appreciate that feedback, of course, there's some other feedback commenting on, challenges with the stability of the platform and that's what we'll get into now. So what did we learn supporting 85 projects and a large? What is it? Nine-figure distribution.

Lumen - Powerhouse: Requires multiple Really? You need a team? So we had us two staff each halftime with shifted schedules, so European Europe in North America and that did live customer support and that was in addition to So the program manager's job really is quite large and it's to interface with all the various stakeholders and ensure the progress of the project but you can't really expect them. Then to go do all the boots in the ground support themselves. It's just So, that really translated to about 30 powerhouse hours per week to just maintain steady state, operations in, customer service and reporting. so,

Krzysztof Urbański: Excuse me. Lumen search for interacting, but it got five minutes left. So maybe let's skip operations and go to conclusions.

Lumen - Powerhouse: Yeah, this is We're just right here. So similarating so simulating, operational, workflows in advance. Helps you want to basically simulate what you're doing? So we need to use thorough business analysis. And you need to have better margins for workflow considering software design development. Again, this wasn't part of the plan, so it's not surprising. And again, software can help program scale, So it could have gone. Better is again planning didn't con include requirements. The QA period overlap with liveops and so that was not great and finally, communications and compliance for quite difficult. Again, some protocols didn't know they needed to submit reports. Others didn't know how to do it. So, here to have some recommendations, I'd say first consider utilizing software workflows or some single consolidated homepage, to provide user experience. So people know where to go for the information and where to submit information.

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Lumen - Powerhouse: And then again to further automate and combine various open data sources. So once we structure data, we want to be able to turn that structure into automation. And bringing data in from token guard from open, block Putting everything together is really quite valuable and then you really need if you want to run a program at this scale an operational team to support the large number of customers and you need to consider time margins, So how long do you think it's going to Double it probably. And so yeah that's it. Questions comments, thank you.

Krzysztof Urbański: Or anybody have any questions?

Lumen - Powerhouse: Speak now, or for older.

Krzysztof Urbański: Okay, I've got agricult just to make it good. So you were any conclusions from analyzing those reports. What was the like if you were to name more than And then least effective programs, Are you able to do this?

Lumen - Powerhouse: So the thing is, we're not doing what token guard or open, block does There are plenty of people that will take the data and go and, do some sort of chain analysis. What we do is we structure the capture of the data, right? Because one of the requirements of the program is that protocols are submitting their own updates about what they're doing, they're submitting their own data, but there is no way to do that, And so we're not coming in and offering deep data analysis, on the software or on chain data, that's what they're planning for the providers. We're doing something that no one else does right now, which is actual business analysis. So you identify the stakeholders. You identify what their role is at each part of the process, what permissions they require and then into a template that can

Lumen - Powerhouse: Proceed and be duplicated. And so the data is available, we're going to export it for example, Blockworks. We gave them a draft. We're going to give them a final version, once everything's complete and frozen, and anyone else can take this user submitted data and run analysis on it to see how the distribution went.

Krzysztof Urbański: Okay, thank you. Goodread. You have a question.

Uhthred Of Bebbenburg: A high. Yes, are so effectively you created certain templates through which the user could submit data so it's effectively a standardization of data collection process and then we shouldization that was what you did lumen that I understand is correct.

Lumen - Powerhouse: Yeah and then there's a couple other bells and whistles in terms of using the ARB signers for permissions. But yeah In essence it's both the standardization of the data and then monitoring the ongoing collection, and then helping help aid, the program manager and monitor and compliance. So yes, thank you.

Uhthred Of Bebbenburg: If I may. So, in terms of collecting this data, can you give a quick update about where you requesting from the recipients, or the beneficiaries?

Lumen - Powerhouse: Yeah, I would direct you to check out our grants because you can see everything there, but it's mostly around. During the real-time distribution of the incentives. Each protocol needed to report the ARB received and the ARB distributed. So we would know how much is in the wallet. How much did they hand out? How much they did? They retain for this two-week period, and then they would also indicate which contracts were incentivized, so you could easily go monitor each contract and then further there would be space for them to indicate what changes if any did they did they do this week. So if you think about S'ip in the past it was a much smaller pool of protocols. So this was done on the form.

Lumen - Powerhouse: But when you scale it out to 85 different protocols, it's an untenable task to monitor this we basically took the form based reporting template standardized it, and then allowed parties to come and submit their own information. Again, The objective ultimately is, once this framework is in place. Many parts of this can be automated right now, there is still some possibility for operator error or fat finger air in the submission. But yeah.

Uhthred Of Bebbenburg: Thank I guess with this very specific matterscope, what else? Could you have collected nt amount of our distributed?

Lumen - Powerhouse: What? Yeah.

Uhthred Of Bebbenburg: Did you? What else would have made the data rich in your opinion?

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Lumen - Powerhouse: I mean, that what one of the primary objectives was to originally, get pull open blocks data in or at least hot link. But because we're under time, constraints just to ship, we weren't able to really expand the feature set. But, I would throw the question back on the working group. I know there's been a lot of discussions on KPIs and that's quite challenging but basically, whatever KPIs we establish, we would just bring in and I haven't done, a full analysis on that, but I imagine that we will be doing so in the next, 8 to 12 weeks.

Lumen - Powerhouse: Good.

Krzysztof Urbański: Okay, thank you very much. I will reach out to you after the call, because I would like to discuss some things separately. But thank you very much for this presentation and let's move to Gmx who will be speaking? Okay, do you want to present something?

Saurabh Dhekale: Yes, sir. Can I see my screen?

Krzysztof Urbański: I'll make you a call, so that make sure that you can share It's yours.

Saurabh Dhekale: Yes.

Krzysztof Urbański: So, 15 minutes for the presentation, I will warn you in the time will be running up and then we can have some discussion.

Saurabh Dhekale: Can you see my screen?

Saurabh Dhekale: hey, everyone saurabh here from GMX. So this is our analysis for GMX Tip and Stipbridge program, So, Gmx received close to two grants from the Arbitrum. I

Saurabh Dhekale: here's a quick overview of the Step program. GMX was provided at 12 million, our brand to distribute to Gmx's Arbitrum. We distributed the 12 million are in this way. 5.2 million was spent on liquidity incentives, 4.9 towards trading incentives, and 280,000 towards trading competition, and 1.2 million towards supporting builders to the GRAS program. Out of which 166,000 was used for migration from GLP to GRGM pools. And some of that was also used to cover the gas cost. Since we were transitioning from V1 to V2. The main goal of this program was to increase the user base and adoption of the V2 platform. The grant got in considerable amount of liquidity for V2, while it was still in a bootstrapping phase.

Saurabh Dhekale: The pole remained to be sticky which we could clearly rise in the TVL and most of the liquidity being sticky. One of the other goals of the program was to increase the trading volume and get more users from centralized exchanges. This was done by offering 75% rebate and as equivalent a centralized exchange. The 75% was kept in mind, keeping the incentive. Shouldn't be farmed by mosini capitals.

Saurabh Dhekale: A portion of the grant was also dedicated to support projects building on V2 during step. There was a company that a lot of projects were not funded. So out of some of the grant we decided to use that grants towards funding projects and it provided an extension to the efforts of the Dow and in short more protocols could support the arbitrum incentives to the users. Here are some highlights from the program.

Saurabh Dhekale: So GMXB2 experienced and unprecedented surgeon TVL within a remarkably short, span the TVL skyrocketed from 80 million USD to peak of 400 million USD. So GM pools allowed, LPS to have more granular control over liquidity provision compared to GMX V1, the MULTI-ASSET GLB pool, and since the introduction of GM pools, the best performing markets were so XRP, USD and our USD which are performed. The standard text, AMM pool benchmarks by 37, 23 and 20% respectively. Additionally, the average performance.

Saurabh Dhekale: Across all GM, pools was 64% highlighting, that the capital efficiency and robust performance of these schools. The incentive programs successfully attracted, significant amount of liquidity, to the protocol, and as a result, GMX V2 experience, improve market depth and stability, enhancing the overall user experience for traders. The TVL. So an increase for more than 360 percent growth from its baseline of 80 million.

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Saurabh Dhekale: Nearly 100 million worth of usdc was raised into arbitrum incentives partners, like home and layer, zero to bridge, native assets, like avax, soul B&B to arbitrum. The trading incentives was one of the successful campaigns of during step. We saw rise in trading incentives by 28.22% and the average daily volume on B2 was around 197.84 million averaging close to 200

Saurabh Dhekale: So that traders on V2 receive the rebate of up to 75% open and close fee. Thanks to the step incentives. And this allowed the data to take trade on chain on arbitrum. I,

Saurabh Dhekale: During the time of step GMX was also the highest fee collecting protocol across complexes. This was thanks again to One of the standouts as currently mentioned in the last call was the GMX Grants program. The GMX grantees generated over close to 500. You million, USDA trading volume on V2 and achieve a tbl of around 400 million on the platform. And the best part about these program was a lot of these grantees applied for L Tip brands. And they also won One of the highlights of our incentive program was like the extreme low civil ratio as mentioned by Open blocks in the report. Now, I'll head over to the Bee incentives.

Saurabh Dhekale: So, here's a quick overview of the Step bridge in seconds. So, GMX was awarded 0.5.4 million of current over here is over here and out of which 2.2 was used towards. Liquidity incentives, 2.7 million towards trading incentives and 280,000 towards transit incentives. And 5,000 towards covering gas cost. So we took the lessons learned from the data that was given the blockwork report and built on those step experiences and adjusted our grants requests to maximize the benefits for arbitrum incentives to base APR. And yeah, that was one.

Saurabh Dhekale: Apart from that many public taxes, followed gmx's lead and voluntary, commitments, to capping the trading incentives at 75% of fees. We saw that in synthetics application and ensure that the repaire should not result in market distorting. After the success of First Grants program, we wanted to double down on that and we launched it again and we launched a successful, second wave of grass program. Here are some highlights from the stitch program so we launched two new glv walls a shortly and the best part about this world these were launched just before the incentives are about to get within a span of two weeks,

Saurabh Dhekale: We attracted a dvl of around 10 million on that. The trading incentives, again were very successful, the traders traded, over 13 billion, USD USD over the entire step, this program marking and 233 million USD, increase compared to the prior three months. again because of the stupid centers are in the past 90 days, GMX again, emerged as a talk to each generating protocol among all purpose, Texas, With a 17 million USD to increase. Additionally the GMX partner protocol showed an increase in GMX V2 TBL peaking at 144.72 million by late July and currently sitting at 119 million to name a few dollar might umami Volta nights here.

Saurabh Dhekale: The Staybridge wave of GMX grant program had a smaller pool of applicant as the previous winner from LTE and Stevia Bridge and GMX grants were excluded. So we ultimately funded nine of the 29 applications which were approved by the GMX Ground Committee So, here was some main challenges from the program. The liquidity incentives that were dispersed based on targets and we didn't cap the APR resulting in some yield hopping by opportunities. Liquidity providers the higher rebates effectively attracted traders but they were simultaneously dependent on a larger budget. Also, the price of our increase During that time. One thing to notice it required a significant amount of time and effort to get the program started initially.

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Saurabh Dhekale: And the challenges during stippage was the liquidity grew but it outgrew the pace at which we could bring in new traders leading to lower pool utilization. The incentive budget lost, its value due to the declining uprise and negatively affecting the rebate benchmarks. So at the start of the program, we told we'll be providing up to 75% rebate, but since the uprise went down, we provide the rebate was close to 51%. There was also a pressure from other public taxes outside of arbitrum incentives to the airdrop campaigns.

Saurabh Dhekale: The reduced dollar value of rebates affected the trailing volume. As I said it significantly went down person and one of the major challenges also was the time frame for the grantees to complete. The milestone was very short. So the grantees were supposed to complete the grants in three months. This was a similar problem, which was faced by games. They also requested to extend the program in the telegram chat. So here's a comparative analysis of stiff bridge and So during step the grant amount, decrease significantly due to market conditions, GLB was a really good product which showed good early traction and strong dvl growth. We face more competition and reviewed reduce rebates due to the uprising.

Saurabh Dhekale: From the step, it had a larger grant with more liquidity, retention successful, Travers the Grass program which We're building on me too. She was a conclusion both programs despite the challenges effectively supported liquidity growth trader, tension and innovation on V2. Required significant amount of time, resources and effective management including speaking with delegates engaging in forums working with the grantees and coordinating with the foundation. It would be preferable for any next generation of the program to be a bit longer. So that's my

Krzysztof Urbański: Thank you so much. Any questions to Saurabh and Jmx?

Jean-Luc S: Yeah, thanks for the presentation. I do have a quick one. Just with regards to one of the conclusions talking about liquidity, retention and activity retention. I'm just wondering, how did you track that? And how did you differentiate the post program, liquidity retention attributed to the stip program?

Saurabh Dhekale: So this could be found in a dune dashboard. This is one where we track that and we also made a final report which had Clear. Yeah. This is, yeah.

Jean-Luc S: This dashboard, yeah.

Saurabh Dhekale: Which shows? All the data.

Jean-Luc S: Awesome. Thanks.

Saurabh Dhekale: So it has a small image which says that start of step and end of stability,

Krzysztof Urbański: Longer the question. If nobody else Jameson, I'm wondering with those incentive programs. Is there anything that you like, this in front of problems with funded from the dial? But are you doing any problems like that on your own? I'm continuing any of those programs on your own without doubting.

Saurabh Dhekale: Without Dow funding currently. We have one program which is through avalanche, which is Russian incentives. And apart from that, there's one more campaign going which is by dbtc that is to increase the demand of their allocation. So these are the two things that we've been doing and Yes.

Coin Flip:

Coin Flip: So Christopher at the moment when we're actually doing is we've been looking at from the data that's come out of both of these programs. We've been looking at, both our fee structures, current competition for how we target our liquidity. we've obviously also build up quite a bit of liquidity. A lot of which would have been very productive in some portions, which have not been as productive. So we were actually. Now looking at how we start to optimize for that, I do think we're gonna be having targeted incentives. as we want to again, very similar to what we did working with Arbitrum in.

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Coin Flip: Don't want to reveal too much, but again, we do think that there's a lot of value as a protocol being able to target incentives, around key moments of your own protocols growth cycle and for us, I think that's something that we see sort of lining up towards the end of this early next year. So I think they're probably gonna see us right up activities, hopefully with arbitrum.

Krzysztof Urbański: Okay, thank you Leandro. I don't know when planning is correctly.

Leandro (Locha) Schlottchauer: Yeah, thank you so much for the presentation. Just wanted to ask you took questions, were you able to identify

Leandro (Locha) Schlottchauer: some users trying to game the system and what have you put in place to prevent that from happening? And the second question is, if you were able to identify synergies between this incentives and your affiliate program,

Coin Flip: Our affiliate program you asked in terms of its connections with that.

Leandro (Locha) Schlottchauer: Yeah, so for example, if you've seen an uplift of referred users coming in given that, now, this referred users could opt into this incentives and basically making life easier for affiliates. That we're trying to push the program.

Coin Flip: Yeah, so it's a really good question. Okay, so I'm in the short answer is no, we didn't to the extent that I think we would have liked to have seen that play out. We also did evaluate the idea of, in the new program. Instead, Bridge we didn't consider adding in some more activity on the affiliate front but ended up deciding not to because we weren't sure. If we wanted to introduce new mechanisms and strip bridge givens and relatively quick time period that it was going to ramp up and come into place.

Coin Flip: We are incidentally looking again at how we refine our affiliate program because it was something that we definitely did in the early days and we've struggled a bit with attribution and making sure that there's a strong value proposition for people to drive new referral activity. So the short answer. No it didn't. What do we think that it's actually an interesting area for protocols to look and utilizing incentives because it can very naturally give you a bit of a force multiplier by getting other people to also engage and push forward campaign somewhere doing. I think there's absolutely value doing that. We just weren't able to find the right mechanism to leverage it.

Leandro (Locha) Schlottchauer: And got it. Thank you so much for answer.

Coin Flip: but by the way, I do think that if I can give me one piece of feedback which is that and I think just being active in the Dow. we had good visibility as to what we felt. The Dows objectives were from this program and I think we obviously telling our program accordingly but this would be a good example, where earlier, the Dow can sort telegraph things that it will Look at favorably areas of innovation, areas of focus will be helpful because I think that protocols will also then be able to spend Advance Thinking If something is relevant, we shouldn't force protocols to all conform to one way of doing things but at the same time the earlier the feedback, the better.

Coin Flip: I would say if you're a new protocol, it is very difficult because you may have just completed audits you may not be able to do a lot of them further. Modifications last minute, your big protocol is a lot of surface area for having issues. People don't want to make a lot of changes on the fly, the better. We can sort of telegraph this information ahead of time. I think we will have far more effective campaigns. so Alex and I think I step actually it was a decent amount of time for people to prepare. maybe not so much for protocols that I think for many of this down before closing overcome, there was slippers having a lot thicker. L tip, it'd be great to get feedback. I think when we do this process from the elder protocols, they thought they got enough time to be able to prepare it.

Krzysztof Urbański: Thank That two questions on the One from Bee and content. 26, Could you share the link to the report for the civil right doing step? So if you can, then please post it to the chat and Alex as a question Is there another way the Dow could have helped you gain user other than incentives?

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Coin Flip: Absolutely. I'm given the amount of money that was spent, and obviously that all that money did drive into the hands of individual users who are using Arbitrum. I

Coin Flip: Hundred million are 50 protocols trade yield this. and really put a real strong visibility on, the text tools deck screen, or either scan, all the places where we have on chain users, I think that kind of really done a lot to, amplify the value of this as projects, protocols. We really weren't permitted to use our funds for that purpose. And I also understand the reason there'll be a lot more oversight, that could be abused. So, it maybe would have to be something that either we provision for small percentages. I mean, maybe we could even have white listed marketing the way we have Waitlisted other partners at the Dow allows you to use. I'm not sure what's the right way to go about it, but

Coin Flip: Yeah, I definitely think they're kind of been a real boost there and again because each of us probably have a certain reach that we have and it's hard for us to individually. Expand our reaches within a short period of time where maybe there's an opportunity to do something different, that just has a greater and a wider read.

Krzysztof Urbański: Yeah, definitely. That is a very important and valuable feedback for upcoming programs for Thank you very much. Confident, and saurabh. Thank you. Gmx. I would like to turn to come a lot and ironed it will. Now show me this.

Iron Boots: You can hear me, okay?

Krzysztof Urbański: Yeah, and I will make you a cohosh if you want to share anything.

Iron Boots: Yeah, no worries. We're just gonna be talking, keeping it short and Meriden is also here, so it's himself. And I, for context, I mean, hopefully, most people are aware of Camelot but if not, we're the largest arbitrum.

Iron Boots: Incentives before the step. So that's our golden medal. I think for us at least in this cool wanted to use the time to share a bit more of, I guess, the front row, view of how we saw it and particularly the things that we think could be improved for the next programs. I think that's the most important and productive thing to look at. So I think just as well for context, when Step and I guess I'll tip when these programs were fast formalized, the goal at the time, at least in my opinion, was really for the doubts and mobilize. Of course, there was some value in incentives but this was a time where the Dow really haven't done much and it was often AIP one and a lot of protocols and everybody in ecosystem was looking around saying, Hey, we've got billions of dollars but we're not doing anything.

Iron Boots: So that's kind of the first thing to look at. So I think that's quite important to note as well because I think a lot of people who are at the same page in that we would make some sacrifices in terms of program structure and effectiveness in order to just get something out there, So I think that is kind of how I view the initial programs and then now, obviously, I think, before I would be very supportive personally of further incentives. I think, we should really take the time to look at the previous ones. I think one of the biggest kind of key parts that we really think about is that incentives. Can't just be driven by metrics alone and I'll carry that caveat that by saying. Obviously there has to be, performance tracking and metrics play a key part in that. But my point is, if you're just saying, we need to increase volume. and I think for us in the thing that we would really love to see and I would just love to see

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Iron Boots: General is really tackling that core point of What are we actually trying to incentivize, And That's the harder part because I think and this isn't a criticism to anybody, but I think the reason why these programs typically turned towards, let's just increase tvl, or volume or use account is because those are the easiest to actually track, right? And if you start to, excuse me, go down the road of, some more subjective things that we're actually trying to achieve. It's a lot harder, But to me, that's where the value is. And I mean, just as an example, If you increase tvl on arbitrum, I

Iron Boots: what is working well on arbitrum incentives? Would help. What is the key weaknesses of arbitrum incentives? And then, when you start to ask questions like this, the metrics improvements that you get from it, then it's great, But if you don't start from this premise of these more fundamental questions of, Where is arbitrum. and I guess to be a bit more specific because I do want to kind of tie it back to reality as well is, one of the things that we saw as a spot decks, right?

Iron Boots: Is for us, The incentives actually were more damaging. And the reason that was the case is because, as Camelot as a native dex for us, the most valuable thing we could do with incentives, is try and bring new people into the ecosystem, try and support, protocols from different chains to come over, try and support new partnerships, but all of those types of things on maximizing metrics, right? and if the Dow is incentivizing, protocols to maximize metrics in order to, which one growing which ones do in the best, then you create this actually, net negative dynamic. Right? Because you don't necessarily just want that protocol to sacrifice the things that bring the value. So I think that's why from our specific perspective, we actually see them so the incentives being more damaging and one of the main reasons we saw that was because as a decks, you charge your fee when people trade because that's how you get liquidity, right?

Iron Boots: To only provide liquidity when there's a fee, because that's how they, actually make money. when people started to get up, grants in the form of incentives, they suddenly start to cut their fees a lot, which means they get higher volume. It means they can show much better metrics to the down, we're growing so much more. Look how much volume the Dow is doing, but they're cutting fees, So every other protocol then has to lower their fees because it's a race to zero,

Iron Boots: this is great in the meantime, Because It boosts the metrics. But the problem is, when you take away the arbin centers, you can't sustain that, So this is a very specific example of reality where the incentives created this negative scenario, where people were incentivized to maximize metrics rather than actual long term value for the doubt, So again, a specific to spot next is but I think it probably is the case for most of a verticals and it goes back to kind of my initial point of you really have to ask why and how, and what are we incentivizing, And that's the harder part. But to me, that's where all of the value is because, to be honest, even as one of the largest protocols, if I saw a proposal tomorrow that was like, let's do incentives to increase Tvl and East Bridge. I would say no That could be more damaging than beneficial, right? If we don't get to the core part of, what are we in? Trying to

Iron Boots: Lies then it's kind of redundant in my opinion. But I don't want to run on forever, so I'll let you know it in jump in, so you can mention some points as well.

Myrddin: Yeah actually don't have much to let's do it. Yeah, you can recover my part. But The main thing with the incentives is exactly what's iron boost was pointing out. Is that? Yeah, we Like the clearly be to fulfill you a certain objective rather than just blaming encouraging metrics, without context of broader vision because that's that would just quickly become an area for the system. I would just maybe Temporary bits. The fact that it was a negative overall because

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Myrddin: The incentives are so great opportunity on many things in particular to one board. protocols from other chains new protocols launching. It's specifically for dex's to initializing some liquidity and also in general what we saw was that it has been a great way to make protocols, blueberry collaborates, and work together, even on creation to be a bit more, let's say creative than usual. And so yeah, especially when you are ecosystem focus, we found out Pretty effective generator to use the steep.

Myrddin: General the steep freshly capture adventure. Let's say to highlight even some smaller builders and even that we're in part actually of the program to just create some kind of Whatful effects. But yeah I mean don't have much to add to try and Boots. Pretty DPL presentation.

Iron Boots: Yeah, no. I mean I would say that there was some value of course by what you just said. I'm not saying it was a complete waste because that's not true. But yeah, I think I had more negative externalities than perhaps people realize on face value. I'm like you said, like that the points Meridian just said, those types of things that you do want to do, collaborate and do new partnerships. When you do your sacrificing maximizing your metrics, So that's kind of, I think the trade-off that you have to kind of avoid, but we'll leave it up.

Krzysztof Urbański: Utrecht has his head raised. And then, I will also have a question

Uhthred Of Bebbenburg: I thank We heard a couple of weeks ago from work expert or call that these protocols who receive the incentives might actually be in a position to tell the dog how best to utilize these incentives rather than getting engaged in a race to zero price or where we undercut each other. That did you come across a thought? then the mode was Okay, if we had this and the discretion to use this incentives, we could had it much more value to the Dow. Did you come across? Any such pathways

Iron Boots: Yeah, I mean, I think the points, we mentioned of, from our perspective, the most valuable way we could use incentives is in those more, I guess they are subjective things, So, bring in protocols, onto the chain collaborating with immigrations like using them as a genuine incentive, I thought a lot of people forget what the word means, but it means to incentivize something, right? So I think that there are genuinely those things. I think the difficulty is, how do you structure a program? The prioritizes, those over just kind of the metrics, right? Because again if the metrics are the easiest thing to track but there's a trade off, So you have to be a bit subjective from a Dow from a program point of view in order to actually sort of judge, because if there's very hard to quantify

Iron Boots: did you bring a protocol over to Arbitrum? I

Krzysztof Urbański: Okay, so you covered it a bit, but if you were any discurious, it were to truth, three goals that we like that you like us to focus on how do you define them? what goals would you put on the table?

Iron Boots:

Iron Boots: That's a good question. I think the number one one would be Which again are quite high level but I think you have to start at that point, Of What are we actually trying to incentivize right? And I don't want to I guess repeat the same point but it's like if you're just trying to incentivize more TV out of volume, A cable, like What for, right? So, it's like to me,…

Krzysztof Urbański: But wait,…

Iron Boots: setting those goals on.

Krzysztof Urbański: wait, I want to feel that what you would like to incentivize? if you were to choose three things to sentimize …

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Iron Boots: Okay.

Krzysztof Urbański: which would you incentivize, which would be optim?

Iron Boots: From my perspective. Now it would be bringing new protocols over. So how do we use these incentives to actually incentivize new protocols to come over to the chain? Maybe they're considering it or not. I think that's one of the most valuable things you can use, and it depends different protocols. From a deck perspective we can do that in terms of. Hey, if you're gonna come over to arbitrum incentives, we can help you liquidity. But to me that's one of the most valuable things and it does make a difference, Because if you're a new protocol looking where to go, Having kind of that instead look in our experience. It made a very big difference so I'd say that's one of the core goals.

Iron Boots: In terms of the users as well, almost basic things obviously is you just give people rewards to do the same thing that normally do. So I think you're being much more specific in what users are actually trying to do. So again, but I mean, it's kind of the same point of If we want to get people more active, what memes? For example.

Iron Boots: that might not be the most highest volume thing, right? So to me, it's like new users and bringing new protocols over. those are the most valuable thing and then integrations as well. How does Camelot actually work with? And we saw this a lot with stiff as well. So, there was some value. But, How do we get these pools working with, Silo or dolomite or How do you get a pool on Camelot? So then, be a part market on GMX or vertex, right? So I think, those three things on my head like bringing the new protocols bringing in new users to honor already there and new integrations or partnerships would be

Myrddin: Yeah, I would just add that in general users because bringing new protocols will naturally bring fresh users as well. whether it's a new protocol or a protocol from differentiation of their committee will follow And there is probably also a larger out there like retention rate on those users following your protocol rather than just fresh users. Just chasing, let's say for instance program, on the chain.

Iron Boots: And I think we made this point in our proposal, a year ago, whatever, but I think it just highlights the example of, let's say you use. 50,000 minutes, and you get a new protocol over to the chain, they launched their app on the chain. They bring loads of new users, but let's say they're trading pool, they're token, doesn't know volume right on paper. There's no volume. And another scenario, you use the same amount of incentives and you've generated 10 million volume in stable coin's. in the current set of you incentivizing the ladder, not the former Yeah.

Krzysztof Urbański: Thank you, And I want to be mindful of everybody's time, I think we will extends for few more minutes but we'll be finishing soon but let's keep this discussion calling until we can

Traversi Normandi: Yeah. I think all these points are super valuable. One of the things that I've noticed is just the conversation that's shifted a ton since the original step, where we had almost all protocols involved in these discussions. Trying to convince delegates and now we have all delegates trying to design these programs with, not a lot of input from protocols and the Dow at all. And I'm just curious from iron boots and coin flip. If there is a reason why we've seen such a large drop off in protocol engagement in these discussions and how we can get you guys involved more. Because honestly, it's a bit discouraging to see how few of these insights make it to the Dow, seeing what builders actually need and want. I'm just curious if there's a way that you guys think we can close that communication yet moving forward.

Iron Boots: It's a good point. I think one of the important points To mention the general context is I think the market on Arbitrum, I

Iron Boots: a new or smaller protocols perspective. I don't know, I guess, if they're not already in the Dow, as a delegate, I think that's the main reason Camelot on coin flip gmxa here, Because we're already delegates, I would assume that's kind of if we want other goods. Would we be here? maybe we still care, but, yeah, I think they probably just aren't aware of it maybe or they think that the conversations already ongoing, and that it's not going to change.

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Iron Boots: Yeah, I would say a lot of people just have an inherent kind of negative view on Dow operations. And yeah, the ROI I think from the outside is honestly, that's how they sum it up like they would have to kind of fight to get into a down telegram to then figure it out, or maybe go to a forum, right? So I think the process of being fresh and then jumping in. Now, at this point is quite hard.

Coin Flip: I'm gonna answer similar iron, which is technically not actually answering. I think your question to Norm but it's sort of If I also do think that for builders who are not delegates, there is a lot of confusion as to what is their responsibility? What is expected of them and so if I think back to the early days of step where we pull together chats we've got 20 builders together 30 voltage together. I know various protocols. I'm still thinking those chats where individual protocols trying to do the same process to communicate, here's how we're thinking, there are others who have the same thought process as there was a lot of that dynamic discussion that I do see happening between delegates. those conversations have gone. Very quiet. and as Ironside, I mean it was and I'm not saying that it was not worth it for protocols because

Coin Flip: we drove millions of dollars through protocols to give them an opportunity and if they had product market fit to solidify that if those drink, it potentially use these funds to get that exposure and get closer to those objectives. since I'm weird, would that boost realize that the product just was never gonna work and actually, shut down. And again, maybe not the worst thing. But, hopefully there was some level of, refreshing arbitrum.

Coin Flip: I,

Coin Flip: I also don't know if that's what's gonna work for everybody who's not here. So I think playing as a doubt, we need to be making sure that, for example, I would say more than the Dow OCL AF, they know who the new protocols are coming. They're the ones who hopefully, we should be trying to leverage to say, Hey, by the way, you need a session with, the incentives working group or people on this side to understand, what the onboarding process. And what you may potentially see as you orient yourself into the arbit system. And these are the opportunities. And this is the things that you should be preparing for and not, that we'll probably be very helpful to them. And I think that step as an example, and several program I think did a very similar process where all those RWA, protocols, they had great lines of comms, with the arm foundation with OCL and with somebody with

Coin Flip: From the doubt and I think it helped them to understand. what may come, right? And that doesn't mean that the program's been announced or does funds necessarily always there. But at least I think that that was maybe, a better example of how we can go about this.

Coin Flip: I hope that vaguely touched on your question.

Traversi Normandi: Yeah, no it did. I think it's a difficult problem to solve. Definitely OCL and AF getting involved would be nice. That seems to be a recurring theme throughout the past year and a half if a lot and

Coin Flip: But to be clear, they are, but I want to be clear, they are involved. I mean, as somebody who sits here, along with the number of my other contributors from what I iron and American people, I think probably shared pretty comfortably. we get inbounds from OCL for new projects on if not a daily basis I'm sure I get two to three a week. and even to this day, most of them we get on a call. We talk about what are things happening. The Dow, invariably comes up on many of those conversations. Not all of them.

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Coin Flip: But they should have one more natural, work, TV to get set up for them with, arbitrum incentives. I don't know what we want to call it. Where, hey perfect, you have questions, you should feel comfortable. that we'll get you answers. I'm not saying we're giving you money. At least we'll get you answers, and that can be, a team sitting I think probably in the Dow but could be anywhere, but it should probably exist.

Krzysztof Urbański: Yeah, those if I cannot to it, I think we can use the trick that worked with step. When we're talking about step before it was announced, there were I don't know 10 to 20 protocols involved in the discussion and when people's nails that was 110. So my one single trick to fix the, engagement is basically announced that we have that program coming and I believe that that while maybe is a trick, it will probably bring us engagement. That's something that at least like I had in my mind.

Coin Flip: And so deep.

Coin Flip: Maybe detox was the name of the new program.

Krzysztof Urbański: Or a concept. We didn't hear it. If I didn't hear you.

Coin Flip: Sorry I said maybe the name of the new program was detox. I wouldn't have people excited.

Krzysztof Urbański: What? So I don't want to go on this again but I think that bit of Deluxe didn't. That then it's work. Now we can do another one. That's basically something on my head right now I can be open that I would like to announce something.

Krzysztof Urbański: Incoming weeks similar proposal as we announced detox, I would like to announce opposite program to start working on something, I think. And I think that the direction like that all the good work correctly. So just showing off on that. Yeah, from now on I propose, let's now switch focus to working on future programs.

Krzysztof Urbański: As always my dreams are open. So if you'd like to be involved, share some ideas that are on your mind, feel free to I will be reaching out to some of you finish. I have some ideas on how to set it up going forward, I'm always open for your ideas, Have some and obviously, this is not an exclusive finish date. So I will be doing my thing because, I had something in my mind, but that doesn't mean that someone else can be doing something in Polo So I hope that new things will be coming soon, the Inter Open. Thank you very much for coming today. I think that the session was super useful, and valuable. Thank you all for those that cook to the Sage powerhouse, Gmx come a lot, it was a pleasure, the recording will be posted on the Forum as you all and

Krzysztof Urbański: to see you next week. Thank you very much.

Meeting ended after 01:08:55 👋

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