Defining “Meaningful Growth of Ethereum”

Growth for the sake of growth is pointless without clear objectives of what you’re trying to achieve. So, in our conversations with protocols, projects and marketers the first thing we tried to define was what meaningful growth of Ethereum would look like.

Some pointed out that the term “meaningful” is subjective, but that’s the point. The type of growth one group wants to see, might be totally different from another. So our goal was to look for recurring themes in responses. This way we can better align marketing efforts.

WTF Even is “Ethereum” Anyways?

Ethereum is a vast ecosystem, with varying definitions and intense opinions on what it is. This made it difficult to stay focused on one particular area throughout the project. One of the first questions we asked in interviews was a better definition on what “Ethereum” meant in the context of this study. Conversations tended to dwell around three particular facets of Ethereum.

Ethereum: The Culture

Speaking philosophically, the Ethereum tech stack and community around it sprung out of a culture and set of values. These values are not only shared by the Ethereum community but by broader blockchain and open source communities as well.

This largely revolves around the belief that the systems we build should take cypherpunk values into account. The best summary of this comes from Vitalik Buterin’s blog post *Make Ethereum Cypherpunk Again*. In this, he defines the following core traits that might be considered key to this culture:

- Open global & permissionless participation
- Decentralization
- Censorship resistance
- Auditability
- Credible neutrality
- Building tools, not empires
- Cooperative mindset

This topic is a rabbit hole and it’s one that we’d love to go down. However, if we did, things could become abstract pretty quickly because of how difficult it is to quantify culture. So we decided against focusing our study on the proliferation of Ethereum Culture.

With that said, before moving on it’s worth giving consideration to the ways culture could be a crucial key to driving mainstream adoption. Culture has always been important for creating adoption of new technologies. Finding ways to tap into this culture through marketing campaigns or putting Ethereum in front of communities that share similar values should be core to our long-term growth strategy as an ecosystem.

Ethereum: The Virtual Machine

A contentious question asked during our research is whether adoption of Ethereum architecture to create feature parity with Ethereum on Alt L1s counted as Ethereum adoption. It is certainly an opportunity to introduce Ethereum design principles to a new developer audience.

A few people we spoke with agreed that this did represent a form of Ethereum adoption but the general consensus was that this type of growth should not be a priority. While bringing about EVM dominance across various blockchain ecosystems might have been important in past cycles, the current landscape reflects an ecosystem that has succeeded in this area.

DeFi Llama currently lists 310 EVM compatible chains, but Ethereum makes up 77.14% of DeFi TVL. It's difficult to find an alt-L1 that is not emulating Ethereum at some layer in order to tap into the growing market of resources, developers and users that are available within this tech stack. That alone is a mark of success in the growth of Ethereum.

All this is to say that although an EVM on an alt-L1 might be an important first touch point on a potential user journey map for Ethereum adoption, the end goal should be for growth on Ethereum or protocols that roll up onto Ethereum. That brings us to our next point.

Ethereum: The Protocol

Everyone that we spoke with collectively agreed that the most actionable area to create quantifiable growth is on the Ethereum network itself. That is to say, anything happening on the Ethereum mainnet or on a layer that is rolling its information up onto the mainnet.

So, when we define "growth of Ethereum" in the context of this report, we're talking about fostering an increase in the number of agents leveraging the consensus and security that Ethereum provides. In large part this means applications built on top of the Ethereum mainnet or L2s that rollup data onto mainnet.

This doesn't only mean those leveraging EVMs. It also takes into account networks like Starknet which use an entirely different language and architecture than Ethereum mainnet, but still rely on Ethereum mainnet for security of information.

Before we continue with this in mind, we want to circle back on the previous two definitions of "Ethereum" and point out that growth in these areas will also result in growth of the protocol itself. They might be higher up the funnel, but they do affect the rest of the ecosystem.

While our report focuses on Ethereum: The Protocol, holistic strategies should also take into account Ethereum: The Culture and Ethereum: The Virtual Machine. For example, a developer may hold cypherpunk values but initially get introduced to blockchain through an Alt L1 pipeline. When the Alt-L1 introduces an EVM, they might become more familiar with building on top of Ethereum architecture. The marketing question in this example is how we then attract developers, or users, that have this experience to continue their journey further down the funnel and start using the Ethereum network itself.

Giving Meaning to “Meaningful Growth”

At this point we’ve defined what we mean by Ethereum but we need to dig deeper into what type of growth we’d like to see as a community. So, another foundational question for our interview subjects was what the term “meaningful growth” meant to them. Once again some common themes cropped up that we will center this paper around.

Applications & Products

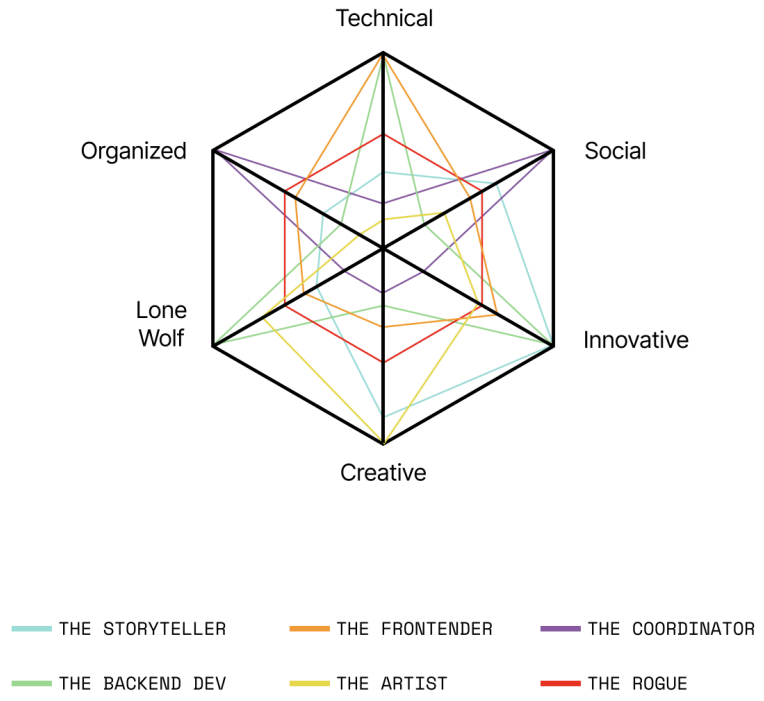
This was the most common priority expressed in our interviews. If we can increase the amount of projects that leverage Ethereum for real-world use cases, there’s a good chance that other relevant growth metrics increase in tandem.

Some spoke to the importance of Ethereum achieving more integrations into the global financial system, while others weren’t concerned about any specific use case, as long as it had the potential for a strong user base. Designing products that could be easily leveraged by lay people was important, as was fostering growth of new, unique applications, not forks of existing tools.

Developers & Other Contributors

If you want to increase the number of projects in an ecosystem the logical thing to do is foster growth in types of people that might build the projects. In general, those we spoke with believe that Ethereum does an excellent job of creating developer growth though things like hackathons or developer relations at industry events.

However, there is a lot more that could be done to attract other types of contributors, which are equally important to the success of a project. The chart below from the book Stuff Crypto OGs Know offers a high level look at the traits these diverging contributors might posses.



In order to create growth from a plurality of contributors, a first step is to take what has worked well for attracting developers and apply it to other professions as well. The Web3 Marketing Hackathon is a good example of an initiative doing this. Another piece of the puzzle is representation at events.

One subject noted that while it's easy to find Ethereum DevRel to engage with at events, it's difficult to find those specializing in other verticals. Conversely, other protocols have been successful at having active representation from various types of contributors.

It's worth noting that this growth is still difficult to quantify onchain. While our marketing strategies should take these customer segments into account, the success metrics still likely lies in the number of successful projects and applications on a protocol.

End Users & Wallets

Metrics around user wallets and related account metrics (ie. average account balance, total transactions etc.) came into discussion. While everyone agrees that increasing end users is an important goal, many expressed concerns around using account numbers as a quantification of this.

First, it's easily gamed and it is difficult to understand whether an account represents a single user, one of many accounts that a user may hold or a bot. Additionally, as more applications go the route of abstracting the blockchain, each user might not result in an additional on chain account.

For this reason, prioritising an increase in applications, remains one of the dominant methods for quantifying growth.

Partnerships & Collaborations

One last area of growth worth noting is that of partnerships, collaborations and integrations. Several people that we spoke to highlighted this, not only as an important indicator of growth, but also as a method for growth itself. Partnerships indicate that there is growing credibility for the protocol, while also bringing new users and contributors into the ecosystem.

This is another metric that might not be as easily quantifiable on-chain. However, it is possible to quantify it. So, any ecosystem that is trying to grow sustainably, should take this into account. One piece of on-chain data that can be looked at in this area when it comes to on-chain data is cross chain activity.

Write Data Is Only Half the Picture

While we are on this topic, we need to make an important note that came up in our discussions. That is that although we are looking actively at metrics related to those generating new on-chain data, it is not the only example of people leveraging Ethereum.

In fact, a big success for the ecosystem would be reaching a point where the data that is stored on Ethereum is valuable enough for people to begin pulling into new applications from a read-only standpoint. To our knowledge, this is harder to quantify than write-data and presents a new problem around capital allocation mechanisms that requires further research.

For example, a lot of our funding mechanisms have begun to look only at on-chain activity metrics in order to decide on the distribution of funding. However, there are tools like Grow The Pie which read data and do not create on-chain activity. These projects are equally important to the ecosystem as those creating the on-chain data, yet they are not exposed to the same type of funding, because of the way people engage with them.

Increasing Utility of Ethereum Rather Than Speculative Investment

One of the most notable takeaways from our conversations was that very few people, if any, wanted to prioritise an increase in token price or investors holding the network’s token. Increasing Total Value Locked (TVL) did come up, but only when denominated in the network's token itself, not a dollar valuation of the TVL.

What was trying to be quantified when looking at TVL was the amount of gas revenue that a protocol was accumulating. In general, increasing gas revenue was an important goal of those actively quantifying ecosystem growth because it is representative of the ecosystem's ability to sustain itself.

From our perspective all of this points to the need to focus on increasing the utility of an ecosystem, not those investing. Token price and metrics based on the traditional financial system can become a distraction from developing impactful marketing strategies. Especially when you take into account how easily they are affected by markets.

As a technology, Ethereum moved past the need for speculation and now exists in a paradigm where it can be actively implemented into everyday use cases. Our responsibility as stewards of the protocol is to attract those that can start dreaming up these use cases and bringing them into existence.