Arbitrum Incentives Working Group – 2024/10/30 18:57 EET – Transcript

Attendees

Alex Lumley, Anastassis Oikonomopoulos, APLsdcOttr's Notetaker, Brian Flynn, Brian Flynn's Presentation, Caesar Premia, Chris Sutherland, Coin Flip, Darren Mims, Dennison Bertram, Disruption Joe, Francesco Castle, Jack M, James K, Jean-Luc S, John Kennedy, JoJo, KR, Krzysztof Urbański, Laura Camellini, Matt Grunwald, Matthew Stein, Sam Martin, Saurabh Dhekale, Sov __, ZER8

Transcript

Anastassis Oikonomopoulos:

Anastassis Oikonomopoulos: They keep ping in the chats.

James K: Hello. How are you?

Anastassis Oikonomopoulos: Hey James, doing wood.

James K: Are you also walking when working?

Anastassis Oikonomopoulos: Yeah. Yeah.

James K: Yeah, I saw in the last call. It is nice.

Anastassis Oikonomopoulos: Then now I'm seeing I'm starting to become more like crystals.

James K: Nice one.

Krzysztof Urbański:

Anastassis Oikonomopoulos: Okay, let's give it a few minutes for people to trickle in.

Krzysztof Urbański: Thanks everyone.

Anastassis Oikonomopoulos: I know.

Krzysztof Urbański: And yeah, let's wait for two three minutes more to let everybody join and then we'll stop

Anastassis Oikonomopoulos: Yeah, I'm probably Alex is here. So, probably the call ended. Welcome everyone. as a reminder, the call is already being recorded. So, if you don't want to be on camera, don't turn it on. All right. Today we're gonna have guys from vending machine and boost. And before we begin, Kristoff to say a few words for where we're going with this working group and the calls in general. Chris, let's give it another minute or Okay.

Krzysztof Urbański: …

Anastassis Oikonomopoulos: Okay, Christopher, I think we should begin and as people join in, I'll be back in a moment.

Krzysztof Urbański: yeah, let's start it. as I mentioned on the last call we want to move a bit the direction that as you know this group was started from our detox proposal that stopped or committed the DA to not extend incentive programs further.

Krzysztof Urbański: unless we analyze the results of what happened in the past and we spend enough time discussing and brainstorming on the structure and plan for future programs and that's what we did for the first eight calls was this retrospective into what have happened we were looking into the results into We had different groups presenting their insights, their understanding of what went well and what didn't during previous incentive programs. and you can find all those calls on the forum thread recorded you can go back to them.

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Krzysztof Urbański: by the way we are still analyzing the results and trying to get some understanding of what worked well especially and maybe not that much. but we think that it's high time for us to start exploring what could we do in the future and how can we design future programs so that we can be ready at the beginning of next year to have another incentive program that would be probably hopefully ongoing and more longterm. that's at least my goal is to come up with some people working on future incentive programs by the beginning of next year so that we can have some votes in the first quarter.

Krzysztof Urbański: but in order to get there we still need to explore how exactly can we design those programs because one of the issues with the incentive programs that we had so far in my opinion was that there was this call for action saying that hey we are accepting proposals and projects had to figure out

Krzysztof Urbański: design some kind of a incentive mechanism for their protocol quite quickly because usually there was not that much time before it was announced until the deadline of those submissions u and then there was some process especially now LTIP with the council with the advisers to fine-tune this program but within one protocol usually it was isolated protocols were not necessarily discussing between each others and then we had to stick with that and then we hurried into executing on those plans.

Krzysztof Urbański: So I think that it would be useful if right now we took the time to actually think what could be done and how could we especially measure the results because one of the issues we had with all the problems that we had in the past is that it's hard to say whether they went well or not because as many times we said there was lack of clearly defined goals. we lacked KPIs because we didn't have KPIs because we didn't have no source like we all know this so I would like to explore how can we so instead of trying to set a north star or set a goal I would propose my open proposal is that hey let's try to brainstorm okay what could be if we let's try all the different KPIs

Krzysztof Urbański: all the different stuff. and see what programs can we come up with if we are optimizing for this thing. So let's say instead of defining whether should we optimize for TVL or funds locked in a bridge or activity or new protocols or new users let's do for all of them but let's say one goal let's pick a goal like TVL and let's figure out okay what programs can we design and what programs

Krzysztof Urbański: can we have in mind if we were optimizing for TVL especially how can we measure it if we were working for TVL what tools could we use in order to measure the video that we have right now and how can we measure the inflows and how can we create incentive program so that we have those properties that we want for those results so if we are optimizing for increased TVL, of course, we want it to be sticky. So maybe we should be exploring how can we make that field grow and only pay for this grow in TVL if it stays for some time after the programs. I'm not saying I'm not trying to give you any ideas right now.

Krzysztof Urbański: I'm just saying that this is the direction that I am at least heading and I've been already talking one-on-one with some of you guys. I will be reaching out to some others as also keep in mind my DMs are open. So if you want to talk about your ideas, if you want to discuss what could we work on feel free to ping me.

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Krzysztof Urbański: but basically what I will be exploring going forward is okay I will choose some kinds of KPIs some kind of goals and I will try to work with some teams and some people to figure out okay what kind of distribution mechanisms and incentive mechanism could we have for different protocols in order to achieve those goals And the most important thing when thinking about achieving the goals is how to actually measure it. That's where I want to start. So for the next few calls starting with today I will try to explore and I will try to invite some teams to share their perspect how can we use their products or some products out there in the market in order to precisely measure some goals that we want to achieve.

Krzysztof Urbański:

Krzysztof Urbański: Today we will have two teams presenting their thoughts and findings. one is boost and the other is remind me sus I didn't want to somehow butcher the name.

Anastassis Oikonomopoulos: Humbling machine.

Krzysztof Urbański: So we'll have those two great teams sharing their own insights and we'll continue if you've got a product or if a product that could help us to achieve our goals let us know we'll reach out to them and we'll bring them to this calls in order for us to inspire us to brainstorm what could we do not even better than the last time what is the field of possibilities.

Krzysztof Urbański:

Krzysztof Urbański: We will have a discussion also later on I already had a call with boo so I have some things to brainstorm about at the end of the call but for now I would like to pass it to those two teams to present and we'll start with vending machine for them to show and tell us what are their thoughts and their insights into about how can we design future programs. So who think who is going to take the stage?

Anastassis Oikonomopoulos:

Anastassis Oikonomopoulos: from vending machine. we have John Luke.

Krzysztof Urbański: Okay, if you can just start with some intro and some TLDDR of what vending machine is like what are you doing and what is your perspective and then you go for it.

Jean-Luc S:

Anastassis Oikonomopoulos: And Jean, do you need to share your screen or anything so I can give you the permissions or Okay, you need to just holler at me and…

Jean-Luc S: I don't think I'll need to share screen,…

Jean-Luc S: least initially. Thanks, Chris.

Anastassis Oikonomopoulos: I'll give you the Okay.

Jean-Luc S: Sure thing. yeah, thanks for that, Kristoff. It's nice to hear the way that you guys are thinking about it. it sounds like there has been some progression since last time. but yeah, I'm Jeanluke, one of the co-founders at Vending Machine. and what we are is we're essentially a token mechanism and incentive design studio. so we've done kind of zero to one token and system designs for projects as well as we've done points campaigns, we've done incentive programs. and we do have a bit of a process in how we design these programs from the ground up.

Jean-Luc S: So we wanted to kind of share some context on the way we do that and hopefully some of that will be helpful for where we are with this arbitrum working group. so yeah just quickly on vetting machine we've been running it for about two years. our primary work we do is with teams that haven't got a major live project yet. It is a zero stage product and then we attach a token system to designing from the ground up. but because of that we've had to use a bit of a process which we've modified from MIT's systems engineering design process which we've found actually quite effective for most things incentive programs as well as mechanisms themselves. it's quite structured so it gives us a pathway to kind of consider all angles and make sure we're getting the best design we can with team input.

Jean-Luc S: so yeah just quickly to run through we've also done a bit of retrospective I guess research on arbitrum and we've just collated that into a bit of a summary document. It goes through some of the other analyses that have occurred since the end of the programs and just highlights where the original objectives are how successful they were and some potential paths forward. So, I'll just post that link in the chat there if anyone wants to read through it. but yeah, today the main thing I want to focus on is looking forward. So, kind of what we can potentially take from these lessons. And I know we're still discussing what they actually are. but I also want to kind of lay out a potential map for how we can progress forward. so yeah, feel free to jump in with questions at any time as well. Cool.

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Jean-Luc S: So normally with us the process of designing something from the ground up it goes through a number of stages. We normally have six main stages. that consists of the context research like network objectives parameterized design, the campaign going live and then monitoring and optimizations. so context research is kind of what all of us have done quite well to date. I think we've had quite a few teams analyze the success of previous programs, the arbitron ecosystem itself. but a big part of this is making sure we have oversight over all the actors that participate within a network, how they interact with each other and what their value flows are and also what the desired actions for all of these stakeholders would be in an optimal environment.

Jean-Luc S: so if we get all that research and all that context then the next major phase is network objectives and constraints and I think that's kind of where we are at right now with this arbitum I guess

campaign progression is defining what objectives we really want to hone in on for this next campaign making sure that they're measurable and then being able to implement them with real life incentives. So I think that's where we're at and I'd like to double click on that a little bit later but I'll just continue through the process for now. The third stage is concept designs. so this is the session or the part of the process which has the most brainstorming. So it's very useful to be in collaborative groups like we are now and to have sessions with maximum creativity.

Jean-Luc S: So, everyone throwing their ideas out there, no one shouting them down, making sure that the network objectives and constraints are considered and we're trying to meet them as best we can with at least three or four potential designs. after that, we do have a process to kind of, select the most accurate design that will achieve the network objectives to the best of its ability. so yeah, I can run through that in more detail, but it's not super important for right now. The final thing is a parameterized design. So this is the biggest technical lift. This is where you have historic data potentially simulations. you build a model and you make sure that the system is kind of designed optimally to make sure that we are not potentially over incentivizing something. There's a key flaw in the logic or there's some other mistake that may have been overlooked.

Jean-Luc S: and then the fifth and sixth phases are the launch so when the campaign goes live and monitoring and optimizations. so I think those two components there is something that you were talking about Kristoff and I completely agree figuring out what we are monitoring kind of ties back to those original network objectives. So if we know exactly what we want to get out of it, we can know also exactly what we want to track, which I think is a major goal for us in the next couple of weeks. so that's just a quick high level of the full process. I would like to just touch back into network objectives. the ones I mentioned before where I think we're at now.

Jean-Luc S: so I know that we've had a bit of a discussion about network objectives before and I think the high level objectives like TVL growth, user retention or user growth, transaction volume activity, bridge bridge TVL, etc. they're all fine network objectives and I think they're good. But I also do think that if we want to progress and potentially get more granular with network objectives, we need to actually include a wider thinking which is probably what is the objective of arbitrum. So I think a really successful incentive campaign normally targets quite a deterministic goal.

Jean-Luc S: so, if we're actually targeting something which is tangible, which most likely will be related to Arbitrum's overall goals as a blockchain, as a network, we can actually start to tailor this incentive program very accurately towards getting us there. so I think if we can arrive at that, we can then start to break it down granularly. So the way that we normally do that is we want to make sure all the objectives are mutually exclusive but also so we kind of separate them into two major categories which are requirements and objectives. So there's shoulds things that the program should do optimally and then shall statements are things that have to happen otherwise the campaign is a failure.

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Jean-Luc S: so once we have those two major categories and we've listed out as many as we can we then get more granular with essentially breaking down each of those highle objectives into their subcategories. So ideally I'd love to get down to the point where for example we don't want one lead delegate to be managing 100 plus protocols or applications or we want to make sure that all of the applications which are applying for this incentive campaign understand the application process fully. and we also want to

make sure voters vote not just on their perception of the application but the credibility and the thoroughess of their incentive plan which is proposed as well. So we can kind of break this down as granularly as we want and then I think once we're there that'll give us a really good spot to move forward.

Jean-Luc S: So, yeah, I'd love to link you guys in, Kristoff. if you guys have some opinions here as well, but I would think that ideally with a group like all of us together, it could be cool to have, either synchronous right now or a bit of a brainstorming session where we just get all of our ideas for these objectives down on paper. and that can be quite a high level list for now. And I think all of us might have slightly different opinions on what are the optimal objectives for arbitrum. but then we can kind of work to make sure that they're not overlapping. We can kind of get more granular and then we can potentially structure them so that we can move on to the next design phase. but yeah, Kristoff, I'll hand it back to

Krzysztof Urbański: So I would like to get your opinion on one thing because just for context I've been doing design thinking and stuff like that and designing processes for 10 plus years before doing governance in crypto. and while I totally believe in what you said, I'm kind of skeptical on several parts of being those thing being applicable in our setup. However, I don't want to focus on my skepticism right now. I want to like to walk over it.

Krzysztof Urbański: and what I would propose would it be possible for you to run such a process not with everybody, but if we could make a small subgroup that would make it doable so we don't have 30 people trying to brainstorm, but let's say and for me it's even good if these are random three people three people but with those three people or four what I mean simply a small group to go through the whole process and establish all the elements that you mentioned simply filling out the gaps so for example when we are saying those network goals and network goals for arbitum realistically we will

Krzysztof Urbański: not figure out network goals for arbitrum across the whole now in the next week. But what we can do is for example if you ask me or if you ask yourself you can make it up you can figure out what those goals are for you and I would simply saying that these are assumptions on which you take everything else forward. So anybody analyzing the whole work needs to understand that it's with those assumptions in mind how to make this experiment like with those network goals in mind let's design those objectives those processes and let's have such an experiment let's have such a exercise take it to the end and present some

Krzysztof Urbański: what comes in the end from it. Would it be possible for you to facilitate such an exercise?

Jean-Luc S:

Jean-Luc S: So just to make sure I'm understanding what you're saying, you're suggesting potentially instead of having the brainstorm open up to the entire working group of 30 plus people, we instead have much more targeted smaller I guess action groups…

Krzysztof Urbański: Yes. Yes.

Jean-Luc S: which are tasked with completing this entire process from start to finish and then presenting the final result.

Jean-Luc S: Are you imagining multiple of them or just one?

Krzysztof Urbański: Yes. Multiple Yeah.

Jean-Luc S: Multiple. Yeah, I think it's definitely possible.

Jean-Luc S:

Jean-Luc S: So I have found with brainstorming sessions around mechanisms like this the ideal group size is normally 3 to 10 ideally not you can't always get that but ideally I do think it would be possible I think getting through context research network objectives concept designs that would be applicable and then potentially presenting after that I think running through all six stages which is parameterized design that final one before launch that might be a bit of a lift because That does end up taking quite a lot of time if you do it properly. But I think the first three steps definitely.

Krzysztof Urbański: But we don't have to do everything.

Jean-Luc S: Yeah. yes.

Krzysztof Urbański: Excuse you hear me? Because my phone cut me off. So what I'm thinking about is doing the process that you have in mind properly takes a lot of time and resources and I don't see ourselves committing to doing it allocating resources especially at this point but what we can do is we can do kind of like a demo version of it u so have it let's time box it let's have a smaller group let's time box is each phase.

Jean-Luc S: Yeah.

Krzysztof Urbański: So we say okay we don't have two weeks for that we have two hours and in those two hours in the small group we need to simply come up to conclusions and see what comes out of it and the reason why I'm proposing such an approach is twofold. First of all, I've been doing such things and the results are usually pretty impressive even with limited resources and limited scope limited time simply sometimes it's good enough to start and then also it will show us all of us how does it look like so we can take it further from there then if we like this and if we like

Krzysztof Urbański: what we're seeing then we can scale it to have maybe an such experiments or have a second experiment with a bigger group or make it more seriously have a month-long process not a three-day process stuff like that that's my way of thinking about it and…

Jean-Luc S: Yeah, for I mean, I'd be interested in running that as well.

Krzysztof Urbański: yeah to show all of you my way of thinking when I've been doing user experience designs in the past I was one of the first that was using personas you probably all know right now what personas are 15 years ago nobody knew and Alan Cooper was just trying to promote this whole idea and theoretically how you come up with personas you do a lot field studies. you do your proper research to come up with personas. But what you can do instead of doing this research is simply sit down and think about make up those personas make up those five personas.

Krzysztof Urbański:

Krzysztof Urbański: And even though this is obviously not as good as having the proper process because there is a value in the process itself it's not the destination that is the goal so the process itself invaluable but still making up personas and having them and finishing them in one hour or two hours is super

valuable if this is the only thing that you have. And that's how I'm thinking about this process. Okay, we don't have time and resources right now to do that proper field study, proper properly analyze everything, but let's use what we have at our hands right now and try to move with it.

Jean-Luc S: Yeah, I think you could get something pretty effective even if it is on a shorter time base. So, definitely interesting.

Krzysztof Urbański: So let's launch such an exercise. Maybe we can sync after the call to figure out how to facilitate that. But I would love you to run such an experiment to run such an exercise. find some people who would be willing to work with you. I will help you with that and let's try to work something up from with that. And also I would like to use it as an example of this is exactly what I want to be running and I want to have that the reason why I'm saying that I want to have small group is that ideally in my mind I would like to have six groups working in parallel on different approaches and then let's see how it went that we will be able to know okay which worked from our perspective or which looks good or promising or which simply we enjoyed

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Krzysztof Urbański: doing and we can take it further from there. John, do you want to share anything else today because I interrupted you in the middle amazing so I will get back to you after the call to talk about the details about this experiment.

Jean-Luc S: No, no, no, no. That's so fine. No, I think that's pretty much it. We wanted to kind of outline the process we would take from this point on just so we could maybe have a discussion about direction. but I think that was great. that turned out well. So that's it.

Krzysztof Urbański: Does anybody else have any questions for Januk right now? I don't see any hands raised and therefore we will move to boost. Matt, are you there?

Brian Flynn: Hey, how's it going?

Matt Grunwald: I'm here also.

Krzysztof Urbański: Okay, Brian. So, yeah, Matt, you are as well. So let us give you the permissions and you have a presentation for us. So to give you all context I had a call with boost recently we were discussing thoughts and thoughts about the past programs and how did they go and we're discussing thoughts for the upcoming programs and we realized that while boost was a participant in the previous programs boost is also a tool that could be used by protocols to design their own

Krzysztof Urbański: incentive programs. So I wanted to boost to basically give us overview of what they are, what do they have, how it can be used and it inspire us about thinking on incentive programs. Obviously just as a disclaimer it's like we are not saying that you need to use boost or that you have to use boost or that the boost is the way to go. simply this is an option and an inspiration that will take us further. I would like to have other tools showcased as so yeah I'm leaving the page to boost and then if we have still some time we can brainstorm after that a bit as well.

Brian Flynn: Yeah, thanks Kristoff. I think that's a great segue. also great that we kind of did the first part of the meeting talking about setting objectives. I think that part is definitely needed in order to use something like boost in the first place. So, we're going to talk about today. We're going to talk about just

what Boost is, quick overview, then we're going to just talk about some problems that we solve the incentive program and how boost solves it. And then a quick demo at the end of the call and we'll answer some questions. So, probably shouldn't take too long. but first to get into it, it's just a mechanism to incentivize onchain actions with open distribution. So just a smart contract where you can define any arbitrary transaction deposit smart contract and then once we validate the transaction, it's released to the end user. So really just a mechanism that can be used for a variety of use cases and good onchain tooling for programs that are looking to do incentive distribution.

Brian Flynn: but really what reason why we built boost in the first place is really just to have incentive alignment all the way through from the network creators to developers to users. We wanted to find out how do we actually create a mechanism that actually makes it easier to have incentive alignment all the way through all participants entire stacks. Just something to keep in mind something that we designed our title model around. So just for some people may know rabbit hole that was kind of like your name back in the beginning starting in 2020. it was the first quest platform that existed. Eventually we built our onchain version. It was called Quest protocol. that was more permission. You had fixed rewards. We kind of relied on us the back end. Then we moved to the protocol which just launched this week. which is much more onchain with more decentralized. things like dynamic rewards. You have much more easy to have a high skill ceiling to kind of design more flexible onchain campaigns. Really good in terms of you don't have to create any of this tooling yourself to create these set of campaigns.

Brian Flynn: you have all these stops kind of at your exposure in order to make this happen and we have a good boost SDK also to plug it into your own apps as well which we'll get into. Kristoff mentioned that we did participate ourselves in the open source observer did some analysis on their end and we most blockbased demand and sustainable user growth in that period as well. So something just to highlight as well. lots of learnings in here that we can get to go through as well just our experience going through this. So, I'll hand it over to Matt to talk about some of the problems that he sees as well in that the intended programs.

Matt Grunwald: Yeah, sure thing. Thanks, Yeah, we're going to switch gears for a second, and I know we've talked a lot in this group about the problems with previous incentives. I'll try not to reverate too much, but really the goal of going over these again is to kind of highlight the problems and then overlay how boost can kind of fit in and solve some of those. So, we can just go ahead and dive in. so what's we identified three main problems that we think we can kind of help resolve at some point. So, the first problem is really around program profitability. I would use air quotes around the word profitable because, there's lots of different ways to look at what profitability is. but from a sequencer revenue perspective, the ROI seemed quite bad. there was about $17.3 million incentives. I think it was only $1.3 million in additional incremental revenue that was driven from that. Again, my notes could be wrong. I think that was discussed on one of the calls. and the next thing I know was discussed that length was there's really no direct direct link.

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Matt Grunwald: go back up B R B R Brian real fast. Still on slide one. there's no direct link between what the incentive is and the network value that was actually generated. And there's really no definition as of what network value is. And so this really made it hard for all parties to know what to do, how to distribute effectively. And really lastly, these incentives kind of created a hyperco competitive environment that in some cases for some protocols created a race of zero, right? And that's good for users in some ways, not

always good for the network and the protocols. there's a lot to balance there obviously. The next big issue that we identified was really the operational issues. I think a lot of people would understand here would understand this better than we would, but maybe I'll look at this flow of funds. you can kind of see this treasury would have to go through this incentives committee, this working group that would then have the KYC check, review the applications, this really long lengthy process, and then funds would eventually be distributed to protocols and then eventually to the users.

Matt Grunwald: And you can see there's numerous layers before an incentive actually makes its way from the eventual DAO treasury to the user itself and really this process and structure in our opinions was the one that created a lot of these operational headaches from the lengthy implementation delays to those application reviews I think somebody said 20 hours per protocol or something like that and you apply that across all the protocols it's a lot of time a lot of effort a lot of money associated with that u and really another thing is there's just a lack of standardized evaluation criteria to some degree within that. And then finally on the operational front, another component is really around custody of funds. because these funds as you can see there were distributed to the protocols rather than d users directly.

Matt Grunwald: in our opinion at least it raises some concerns around the actual custody of funds and there's some increased risk there generally speaking not looking at anybody particularly but just inherently by the Dow losing custody of funds to some degree those funds are now being controlled by protocols and that really creates a situation where there's heavy reliance on third parties so essentially you're adding new trust assumptions there's inconsistent ways by which those teams actually operate and how do they distribute funds and that could lead to a lot of problems and then lastly there's just fragmentation of security issues right that there's a lot of things that can go wrong when you have a million different teams that all have different security guarantees with how they erate. Next slide, Brian. And then finally, the last problem that we identified that we think we can really kind of be a big part, I think Kristoff was mentioned in the beginning, is it's really hard to effectively track funds and measure success under that flow and that structure that we were looking at previously. So when the protocols receive funds, each of them have their own process distributing.

Matt Grunwald: We said many teams would receive it to their designated multisig and then distribute it to bunch of new multisigs or who knows what it is right and then once that happened it became very very hard to really have real-time visibility into those flow funds it creates limited data on what long-term engagement and retention actually look like and if you don't have good data or inputs you can't really actually measure an effectiveness of the program right next slide Brian okay before I get on the next one so I think I just pulled this from

Matt Grunwald: open network open block sorry u just kind of showing the complexity of this low lens in firsthand more concretely go ahead Brian next slide okay now we get into the fun stuff so how does boost actually try to resolve some of these problems that we just talked about ahead Brian so the first thing that we can do around the profitability issue is we offer what's called dynamic rewards and this actually enables the DAO to program specific profit margins so to speak on whatever the desired action is so

Matt Grunwald: Just to make this a little more concrete for you guys as an example, let's say the Dow wants to maximize sequencer revenues, That's for anybody else to decide. That's just an example. But maybe they could offer 25% of the gas fees, the revenue that they're earning in the form of ARB incentives just for some additional activity, What this effectively means by using our stacks is they can actually program a 75% profit margin. I know that's not exact because I know they has to get paid red to Ethereum on any actual action that happened. So when you think about this, this is actually really quite powerful.

And when this leads me to my next point is once this action has been done by an end user, let's say it's just any gas transaction, there's no manual assessment by anybody or any team to say did that happen. There's no attribution that just is followed. There's no following of a human, paying out and scraping the data in relation to those. And so as soon as that desire action happens, those funds are claimable or airdropable automatically to the user.

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Matt Grunwald: And all of these parameters about how all of this works and all how all this distribution happens are all highly configurable and what we're calling budget accounts that make much more effective capital allocation. And so we're going to get into the budget accounts in a second. You'll hear more about that. But this just really allows for a more narrow focused approach with how incentives work versus a shotgun. Next slide, Brian. So going back to the operational issues, how do we actually resolve some of those? so in this situation, we don't see protocols as being the end users for how distribution actually happens. With boost, the DAO never loses custody of funds. The DAO would create and own their own budget account like I was telling you about. And this budget account is essentially a smart contract account where the owner, the DAO, can designate managers to deploy these strategies.

Matt Grunwald: So that could be a protocol, that could be an L2B, that could be an entry lab, it could be whatever the DAO designates as that council or those managers to deploy those and they're going to have the best opinions, the most data to effectively do that, and so this is definitely a departure from the current flow and structure of previous programs. this new process removes entirely the need for large scale KY there may be some KYC on the surf, the managers, but it's not going to be 180 plus protocols. there won't require lengthy application reviews. and there will not be manual distribution of incentives. It'll be highly programmatic. And furthermore, Boost V2, which Brian will get more into, is not only easy with our UIs, but we have a really robust SDK that can be used and transactions on any contract using function can be targeted or event signatures and filter or param event logs.

Matt Grunwald: So it's very very powerful stuff with how granular of the action types that you can reward. Next slide, Brian. and then finally, I think this is the last problem is how can we really resolve those fund tracking issues as well as impact measurement? because these funds are deployed from a budget account versus 100 different 80 protocols or whatever, it makes monitoring flow funds and impact measurement that much more seamless. There's no more onchain data that just needs to be scraped by the teams and then by some process they drop the funds in some manner, right, which is relatively obiscated. All the data is fully on chain with everything happening programmatically that's baked into the budget account. And in that budget account, you actually have a pretty robust dashboard where it allows you to look at those analytics, see how your funds are performing, how much is left, and how can you top them up, which managers are performing the best, really really powerful stuff.

Matt Grunwald: I hope that made sense from those problems and how we kind of fit in. but Brian might take over and make things a little more tangible for you guys.

Brian Flynn: Thanks, All right, I'm going to jump into a demo real quick just so you guys understand how this would work in terms of targeting different transactions. So, I just pulled up the deploy flow here. so I'm going to actually pick a contract that we're going to go and incentivize deploy funds. So, I'll show you how easy it is. So, it could be any contract address that you want. You would basically have to just plug in here. We'll pull down. This is just the Zoro secondary swap contract. So, I can actually now select the

function or event signature from this contract. So I wanted to incentivize let's say users wanting to buy on the secondary market. It would be this function signature over here. I can add different parameters to it. So if I wanted to get more granular and say hey want maybe to incentivize specific ERC20 address which would be an NFT on the secondary market here. I can do really good for things like incentivizing specific liquidity pools in indexes or lending protocols is why we use something like this. Once you do that then you can actually configure your rewards.

Brian Flynn: So Matt mentioned earlier if we have these kind of knobs that you can turn for fixed or Dynamic awards is where you can actually do your programming of profitability if you wanted to do things like program the sequencer fee rebates. So again you basically just put in a specific function or event you want in here. If you wanted to do things like actually track to say what is the transaction fee from specific contract you'd be able to select that in here. Once you do that, then you'd be able to say, hey, maybe I want to have a spend limit of say 100 tokens for this campaign. I want actually select some staging tokens here just as an example. And then I'm going to say I'm going to have five tokens being distributed in this campaign. So this is going to be a discrete smart contract into a budget. And so when users are completing this, they're basically able to claim these token smart contract as long as they perform this transaction that's listed over here.

Brian Flynn: and so I'm not going to go ahead and deploy it right now, but once you do that, then it's fully on chain. And then you would basically just use our SDK or use our boost app to send users in order for them to claim the funds after they perform the action. so pretty straightforward stuff. This sort of demonstrates how grinder you can get in terms of the flexibility of the protocol itself. Now, if I'm going to go back to the deck itself, I'm going to show you some other things going to get to some example use cases that we can talk about. So, the first one we talked to Kristoff about this a little bit yesterday as well is if we say sequencer fee is something that matters a lot and I know this is direct revenue to doubt. We can say okay how do we design a program that is going to be incentivizing sequencer fees? you can do that by setting a rebate of the transaction cost of a whit listed set of contracts.

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Brian Flynn: and you could see some assumptions here of some budgets and therefore how much profit will be generated from that itself. So this is just an example There are other use cases of using boost. Again I don't think we're saying that this is one specific use case that works best but it's just tooling that can be used for whatever objective that DAO comes up with itself. So something to keep in mind. it gets pretty gring where claims actually happen. So we have an SDK where you can just drop this in to your DEX to your Ling protocol. It's pretty plug-and-play. You can put a library. We also have the boost pretty granular how you can actually set these things up. and's So here's our Telegram manual is going to reach out to us for any questions, but also happy to answer any questions on the call right now if anyone has any.

Anastassis Oikonomopoulos: Come on, folks.

Krzysztof Urbański: anyone? So I have some pots that maybe I will start maybe others will jump with their own thoughts as well. So, how I'm thinking about it, we spent some time with Brian Mart yesterday discussing the different possibilities. and what believe that or at least that the direction which I'm thinking about is that we should probably combine those automatic mechanisms with some criterias that make it a bit more u aligned with us.

Krzysztof Urbański: to give you an example of things that I'm thinking about I've been looking into open block labs dark boats for rewards that we distributed in the past and for example in some protocols it's easy to spot some big rewards recipients getting hundreds of thousands of tokens as rewards from the CN programs. And for me, it's obviously absolutely okay for them to get those rewards. I assume or at least hope that they provided the value that just receiving those rewards. But in my opinion, there is no reason why we shouldn't be expecting them to do something more.

Krzysztof Urbański: For example, probably nobody knows that they received those rewards and maybe we should expect people to reveal themselves especially if they are top recipients and give us some shout out provide us with some visibility maybe on Twitter maybe they should be tweeting that hey there is this great program and we will benefited on

Krzysztof Urbański: so much if we are paying them hundreds of thousands a part then probably we could also expect them while normally in crypto I'm all for anonymity and being anonymous then if we are paying someone rewards for our programs we might expect them to KYC and reveal themselves and for us

Krzysztof Urbański: who exactly are we rewarding and we were to also give example in the past calls we were speaking about onboarding whales and I totally up for it but maybe we should make them even thinking about this fee rebates that Bruce presented in previously I totally get And those fee rebates they make sense only for those players that really make volumes.

Krzysztof Urbański: So it probably whales or institutional players where in order for fee rebates to be really significant for you and make sense you need to really make volume because usually if you are using arbitrum you probably normal user can use arbitum for a 100 bucks forever because the fees are so low but if you are some kind of an arbitrary then probably those V fee rebates could be significant for you. But in that case maybe we shouldn't be reimburing all the fee rebates but let's say top three and in order to be rained for the fees that you paid. You need to be in the top three. So you need to compete with others to bring us volume.

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Krzysztof Urbański: I'm not saying that these are the solutions that are okay but these are things that I'm thinking about these are things that I would like to explore different possibilities of how to optimize the problems that we had in the past. Matt and Con you were raising your hand but you took it down so I'm not sure if you want to speak or not. Yeah, you have your hand raised. Matt and then po.

Matt Grunwald: Yeah, I think everything you said makes sense. One thing I just really want to make clear coming out of that presentation is we are happy to be part of this conversation, understand what the best levers to pull to create value are. I think where I just want to make clear is we don't want to be the opinionated actor. We just want to be the tool that allows opinionated actors to be the most effective at their jobs. So, I just wanted to really TLDDR that at the end, but go ahead, coin flip.

Coin Flip: Yeah, I was going to say I think there's a lot of opportunities to as you said experiment and I do think that rebates can also go in the other direction especially if we look at feed rebates now that we're going with a model that does have basically bidding for preference whatever however you want to term time boost there is actually a lot more of a basis for doing rebates of base fees to everyday users And let's be very clear, everyday users and the amount of economic activity they deliver and create on the

chain is actually what creates the opportunities to monetize timebased. So if you actually think about it, there can be very interesting productive ways to go the other way in terms of how you focus your incentives and activity.

Matt Grunwald: So I come from MEV land a little bit. and maybe this gy but I wanted to like highlight the power is my voice with dynamic rewards and let's say there is a world where arbitum dow is monetizing the mev that's captured right I think you can actually have a dynamic reward where the users then create this situation where the me that they create they could have some dynamic rebate of that…

Coin Flip:

Matt Grunwald: which I think is really exciting. It's really memeable and it's kind of a public good in the end. So that just highlights the power of what dynamical awards could be where you can actually get that granular

Coin Flip: No,…

Coin Flip: absolutely. I mean the moment you can literally take a base fee and then do even a fee rebate to the point that people might be getting some gas back for executing and delivering transactions on the chain. I mean they could got to be careful it doesn't get overly gamed but there is actually a lot of interesting compelling ideas around how we can appra base fees and just again as defy protocols create a situation where it just becomes as frictionless for our everyday users to be able to leverage and utilize these protocols. I actually obviously in that sense don't feel like you need to incentivize the biggest user necessarily.

Coin Flip:

Coin Flip: Because collectively you're able to then the biggest users will anyways benefit from the model irrespective…

Coin Flip: but again experiments are

Krzysztof Urbański: Yeah. …

Krzysztof Urbański: you made me think that maybe you should figure out other ways. Joe, you have your hand raised.

Disruption Joe: Yeah, first I want to see Brian, did you know that Ekko is no longer on the VR? They took it off.

Brian Flynn: I see.

Disruption Joe: I'm just kidding. That's not my question. we ran into each other in the metaverse. everybody else. I had to mention the real question is I really want to see programs that dynamically expand over time instances. So you'd say let's say two weeks is an epic period and then if you participated in the first epic and the se second epic then your credits for a proportional amount of the second epic are somewhat larger maybe even exponentially larger which then incentivize you to want to get to the point where you're the longest standing leader on the leaderboard. Right? That's basically it.

Disruption Joe: which is almost a self incentive to detract from sibbles who are trying to do the exact opposite. They're trying to be on the leaderboard once and extract the maximum for the least effort, Instead of continuous effort over time. have you ever seen programs that have tried to do anything like this? whether working with a V token model or Epics of release rather than their token itself being the reward, like paying out proportional payments to Epics of Metrics Onchain. Is that something you've seen anybody do with Boost?

00:55:00

Brian Flynn:

Brian Flynn: we haven't seen people use V tokens as rewards but people have seen creating allow lists to be targeted based off their recent activity in this epoch style that you mentioned for stickier retention.

Disruption Joe:

Brian Flynn: I do think vested right exactly. Yeah. I do think…

Disruption Joe: So one affects the next epic.

Disruption Joe: Yeah. …

Brian Flynn: what you're saying though vested rewards and stream rewards makes a lot of sense especially in anytime you're giving an incentive. I think the default should be that it's streamed or vested to the user just so that they're not creating selling pressure. it's kind of a no-brainer especially for how low gas costs are.

Disruption Joe: second question would be, the claiming a lot of times serves specifically the purpose of being able to segment your audience that specifically was looking for the reward versus your segment of audience who may have been there anyway. do you have an alternate mechanism or methodologies that help us to determine that? And maybe the direct distribution or the dynamic distribution has another method on which we understand who is there specifically for the reward right.

Brian Flynn:

Brian Flynn: Yeah, it's a great question. So there's actually two ways we handle this and it's really up to the person who integrates to decide this. So we have automatic distribution. So the user doesn't need to claim. It's automatically sent to wallet with they perform the action and then The manual claim is always better…

Disruption Joe: All right.

Brian Flynn: because then it's more costefficient because the user has to come and claim because they know that opportunity exists, And that's something that we've seen in the past that a lot of protocols want that manual claim just so they keep their campaigns low. But like you're saying, yeah, you can have tracking data analytics built into the claim function very heavily to see who's actually coming for the claim in the first place. and we can implement things like validation at the claim level to say,…

Krzysztof Urbański:

Brian Flynn: hey, maybe you have to be a specific type of user or prove things about yourself, whether it's certain attestations, whatever it is in order to claim itself.

Disruption Joe: Yeah, that's interesting. Cool.

Brian Flynn: So that type of modularity at the eligibility level is very much possible if we want to get to the segmentation piece if that's something that decides it's valuable.

Krzysztof Urbański: And also adding on top of…

Krzysztof Urbański: what you just said something that I've been thinking about recently. we discussed this with Brian Matt recently is you probably know that OP was doing this airdrop recently for the D5 users and super chain DeFi users and it got me think and it was a news in the space and it got me thinking that nothing stops us for having this incentive in the same way.

Krzysztof Urbański:

Krzysztof Urbański: So instead of providing the incentives for 3 months that nobody speaks about having those air drops from time to time that simply are funded from the governance why not we can do this nothing stops us from doing this it's only like we need to design it to make it happen. we are on top of the hour and I would like to be mindful of your time so we'll wrap it up. yeah Joe,…

Krzysztof Urbański: you want to add something?

Disruption Joe: One more thing that I thought would be interesting. Do you have a capability? Has anybody done something like let's say you identify 10 payout metrics and then use randomization or selection to say this week these are the metrics that are being used basically something to prevent good hearts law kind of the metric being known makes it cease to be a good metric but if you can obfuscate which one of 10 acceptable metrics that would

Disruption Joe:

Matt Grunwald:

Disruption Joe: drive towards outcome. You're looking, is the one that's going to be used each week. It'd be really hard for people to game it, right? Yeah.

Matt Grunwald: Brian, I know you have something to say on this, but I guess one thing I'll say is when with a budget account structure, you'll have a manager and those managers can be very sophisticated actor. They could be doing dashboards that can deploy their strategy. They could be, L2 beats. So if the program is flexible enough that it's just like hey managers you guys do what you want that'll maximize it there doesn't have to be that report out there that everybody's kind of following they have an incentive so they know the outcome right so it could be obiscated to some degree based off…

01:00:00

Krzysztof Urbański:

Disruption Joe: Yeah, that makes sense.

Matt Grunwald: how you structure who's managing the budget accounts but I'm sure Brian has something else to

Brian Flynn:

Krzysztof Urbański: So to wrap this part something that I will reach out to boost after the call about I would love you guys to post this we will post the recording on the forum and…

Krzysztof Urbański: hopefully you would be able to post also the link to your presentation to have the PDF of your presentation as well. But it would be great if you could just start brainstorming of what could be the different incentive program designs. nothing very fancy. I don't want to spend you a week on that, but rather have some blurs of what the different incentive designs using this could be so that you can start brainstorming and, maybe we can get people really thinking and improvising on what their ideas how of what we can do with this tool could be.

Krzysztof Urbański: So yeah I will reach out to you afterwards to ask you for that and then I will share my thoughts and maybe someone will follow and we'll have a healthy discussion about it So yeah that's it. I would like to wrap it up here. I would like to from the organizational perspective next call and the call after that so the next two calls will probably not happen and the reason is defcon basically and especially that for me and SAS it's complicated as next week we will be on our way to Bangkok this day and then the week after that it is already devcon so we won't be able simply

Krzysztof Urbański: to host those calls for those two next sessions. But we are coming back three weeks from now. And in the meantime, I hope that we can start facilitating those groups subgroups design sessions and brainstorming on what are the possible token incentive designs that we should be exploring in the future. And maybe my ideal outcome would be that we have a hundred different scenarios with which we can then experiment for the whole year to see what works best. I'll leave you with that. as I mentioned my DMs are open.

Krzysztof Urbański: So if you've got any ideas or you'd like to discuss something or you would like to present something on one of the next calls, feel free to reach out to me or SAS. how to find us. thank you for being here and see you online in three weeks from now and hopefully in person in Bangkok. See you all. Thank you.

Anastassis Oikonomopoulos: Thanks everyone.

Matt Grunwald: Thank you. Bye.

Jean-Luc S: Thanks guys.

Meeting ended after 01:03:26 👋

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