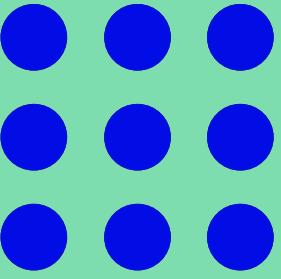
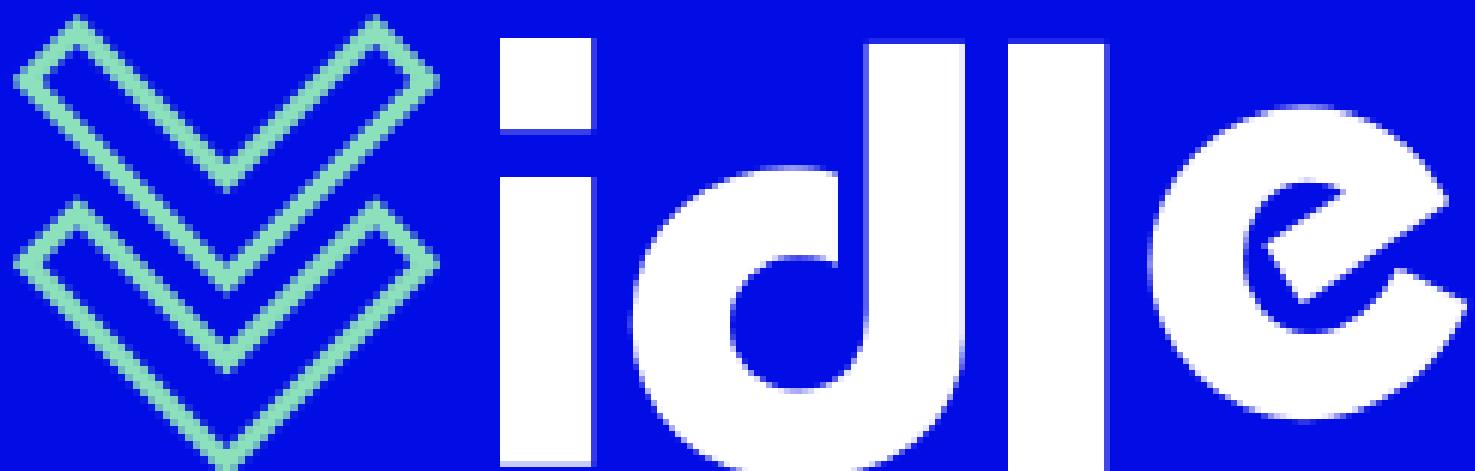


JULY 10, 2019

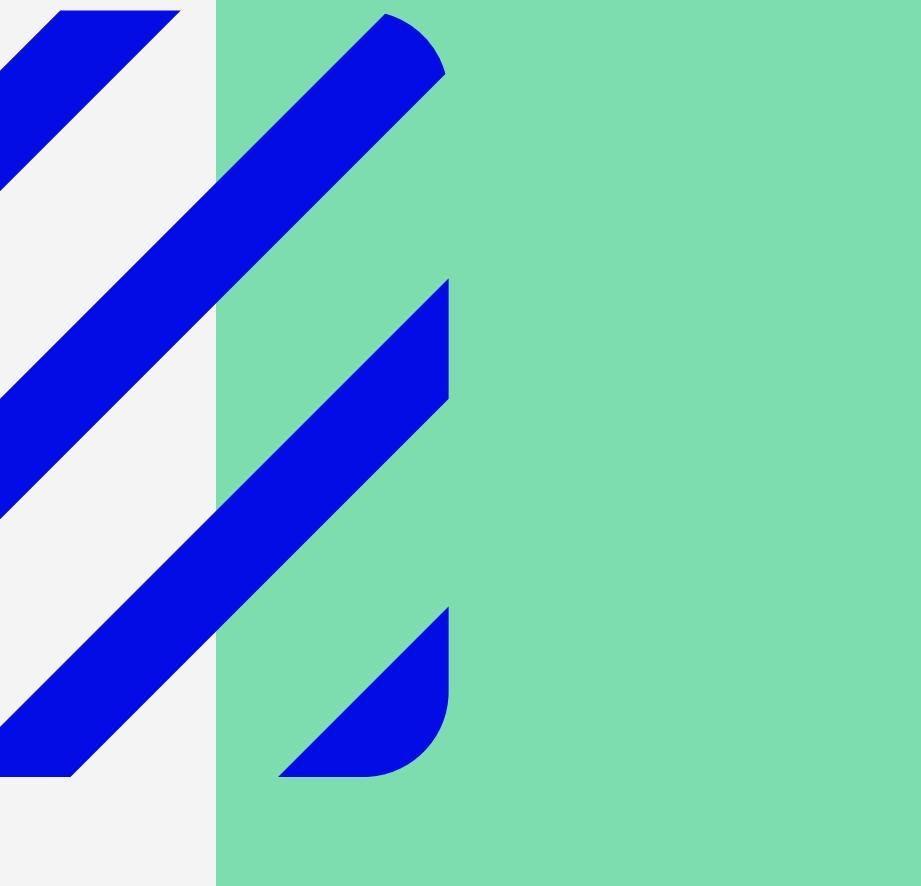


PITCH DECK



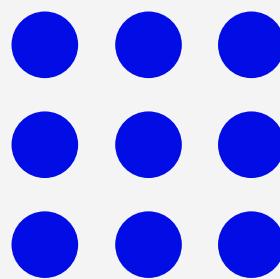
BeyondBlockchain Virtual Hackathon -
Consensys Labs Relay Challenge

Presentation Outline



Team
Rationale
Product
How Idle works
Decentralized Rebalance
Idle Smart Contract
Customer Journey

Fees and Revenue Model
Go-To-Market Strategy
Go-To-Market Issues
Further Developments
Project Edge Case
Get In Touch with Us
References



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UX/UI Designer



MATTEO PANDOLFI

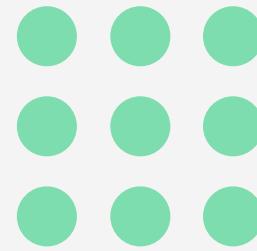
Financial Analyst and Business
Developer

PROJECT' RATIONALE

The project' aim is to develop a platform that allows users lend their idle funds in order to yield always the best interest rates among the money market on Ethereum.

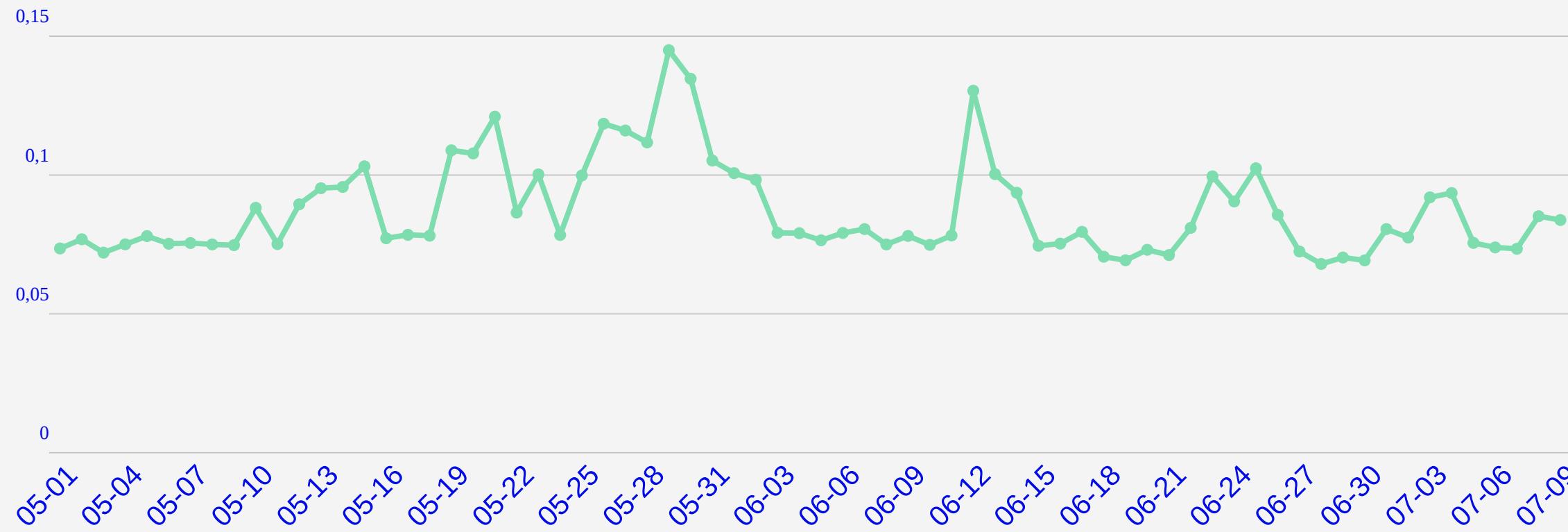
Given the interest rates fluctuations, we want to optimise profitability and simplify money management for investors when lending crypto assets.

INTEREST RATES FLUCTUATIONS



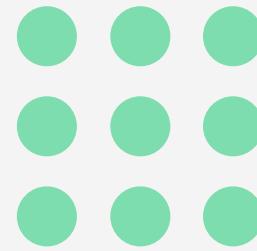
Data from May 1st 2019 to July 10th 2019

Data provided by  LoanScan.io



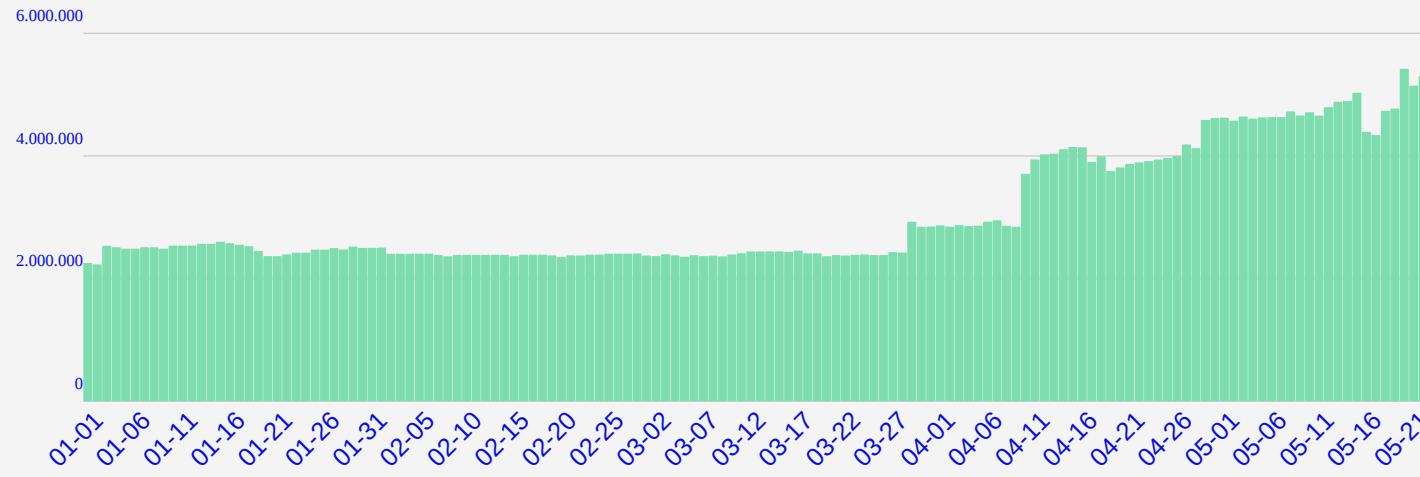
This figure shows DAI supply interest rates on Compound and deposit interest rate on dYdX weighted by total outstanding supply and deposit amounts on the respective platforms.
It is clear that interest rates are quite volatile and investors may find difficult to manually manage their funds to get the highest available yield on money market.

TOTAL OUTSTANDING DEBT VOLUME

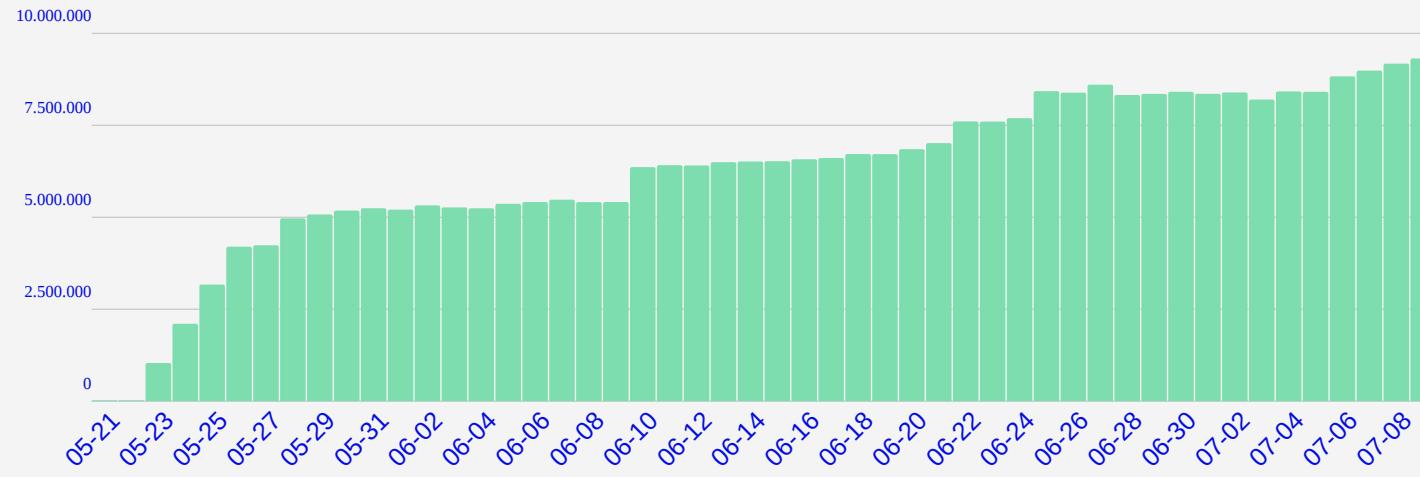


Data from January 1st 2019 to July 10th 2019

Data provided by  LoanScan.io



 **Compound_(v1)**



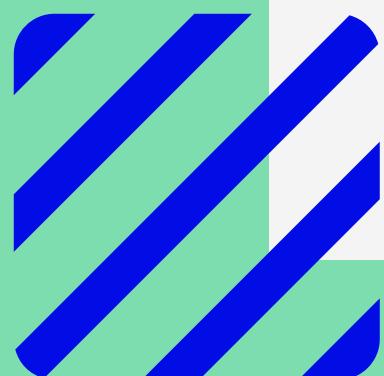
 **Compound_(v2)**

Those figures shows the volume of total outstanding debt across Compound V1 and Compound V2 (in USD)

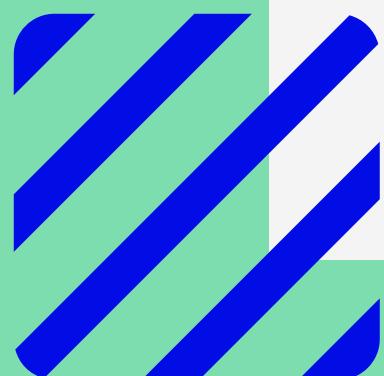
The lending protocols in DeFi space are continuously growing, either in number and USD volume, and this is why there is an increasing need for structured products for both professional and retail investors.

Structured Products

A STRUCTURED PRODUCT IS A COMBINATION OF TWO OR MORE INSTRUMENTS THAT COMPRIZE A SINGLE ASSET. STRUCTURED PRODUCTS ALLOW THE CREATION OF HIGHLY CUSTOMIZED ASSETS FOR ANY TYPE OF RISK-RETURN OBJECTIVES, TRADITIONALLY WITH THE USE OF DERIVATIVES – AND CAN RANGE FROM SIMPLE TO HIGHLY COMPLEX.



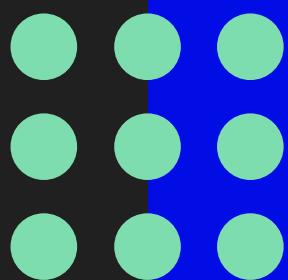
ONE OF THE DEFINING CHARACTERISTICS OF DEFI IS THE INTEROPERABILITY, COMPOSABILITY, AND OPEN COLLABORATION THAT IT ENABLES. SOME OF THE MOST EXCITING COMBINATIONS LIE IN THE INTERSECTION BETWEEN DIFFERENT INSTRUMENTS. WHEN COMBINED, POWERFUL FINANCIAL PRODUCTS ARE POSSIBLE.



Product: IdleTokens



GET THE BEST OUT
OF YOUR LEND,
WITH JUST ONE TOKEN



HOW IDLE WORKS



There are now some attempts in the industry to create a product that can automate the process of rebalancing funds to the DeFi lending opportunities with the highest yields. An automated yield seeker product can automatically allocate and rebalance assets among the available tokenized interest bearing assets. These are currently Fulcrum's iTokens and Compounds cTokens.

HOW IDLE WORKS

The rebalancing mechanism will be:
(example using DAI)

- **1. Interest Rates Check**
- **2. Pool Update**
- **3. Highest Yield**

Idle reads on-chain interest lending rates of Fulcrum iDAI and Compound cDAI, for every contract interaction.

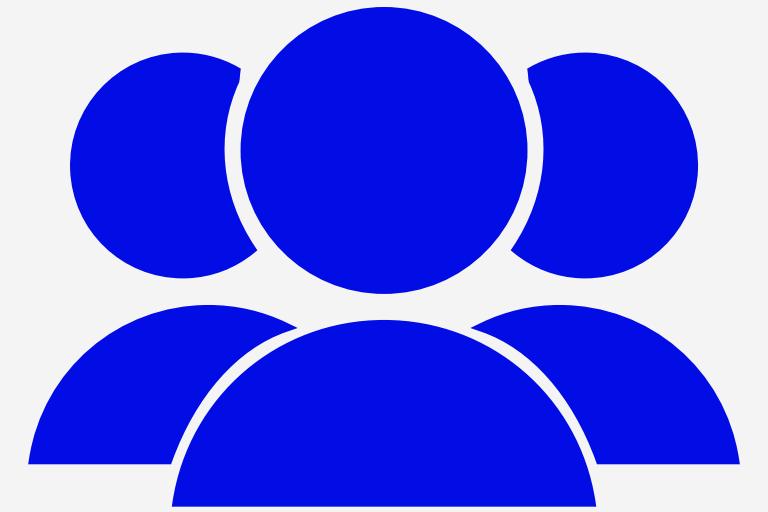
If the interest rate of iDAI is greater than cDAI, Idle rebalances from cDAI into iDAI, and conversely.

Users now get the best interest rate on their DAI automatically.

DECENTRALIZED REBALANCE

Here is the key point: every time a user interacts with the platform (mint or redeem idleTokens), there will be an automated rebalance of the whole pool, if needed.

If, for sometime, there are no interactions with the contract and users spot a higher rate than the Idle current tracked one, there will be an available action that allows users to rebalance the entire pool position. In order to optimize their personal returns, users are encouraged to rebalance their own positions, rebalancing consequently also all the others. We will also periodically rebalance Idle pool, if any interaction with the contract has not been done for long time.



It can be considered a sort of decentralized rebalance and uses the Adam Smith' invisible hand principle, which can be summarised as the unintended social benefits of an individual's self-interested actions. In this case, this will be the users willingness to earn the highest yield on the market.

IDLE SMART CONTRACT

ERC20 Pool Share Tokens

The smart contract returns to user wallet an amount of IdleTokens (an ERC20) proportional to the user's pool share. This allows Idle to be non-custodial and users can redeem back their tokens anytime.

As previously said, for every user interaction (mint, redeem or rebalance), Idle automatically checks the best available rate among the implemented lending protocols (Compound V2 and Fulcrum so far) and eventually rebalancing the pool for the highest yield.



```
ad output a key
<secret-hex> ,
<file> , ... ]
|<file> , ... ]
, ... ] Export
... ] Delete given key
on: " << endl
>> specify Web3 secret
    << endl
    and Ethereum master wallet
available in wallet." <<
new key with given name
>>|<secret-hex>] <name>
<name> Import a presigned
uuid|<file>|<secret-hex>
uuid, ... ] Export a
<name>|<uuid> ,
```

CUSTOMER JOURNEY

The user flow can be articulated in this way: let's assume the user wants to use our platform in order to optimize her lending income from her idle DAI.
User sends an amount of DAI to the Idle smart contract and:

IDLETOKENS MINTING

As first step, Idle smart contract will mint idleDAI at the pool's current NAV-per-share rate (e.g. 1 idleDAI = 1 DAI initially, and then the idleDAI value will keep increasing at accrued interest rates' pace).

AUTOMATED DECENTRALIZED REBALANCE

Included in the same transaction, Idle checks the different interest rates and rebalances the entire pool, if necessary, converting the pooled tokens into the tokens (iTokens or cTokens) with highest interest rate.

Anytime, users can redeem back the tokens, burning their IdleDAI and obtaining the accrued interest (as well as the invested capital), rebalancing again the pool, if needed.

Go-to-market Strategy

We identified in **asset managers** a possible professional target for IdleTokens.

Our SME, a professional asset manager, stated that could be interesting to include IdleTokens among the different assets offered to his customers, in order to offer an innovative product coming from a new sector such as the blockchain financial products and allows investors to yield an higher return compared to traditional assets.

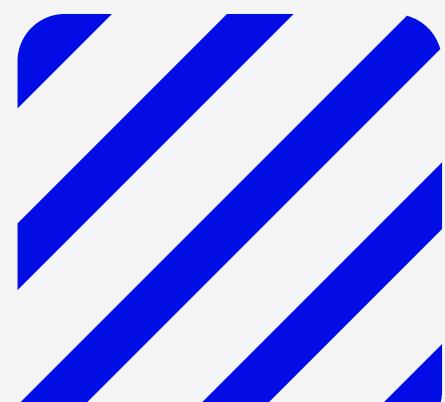
You can find additional information in the *SMEs Overview* document provided in the project repository.



Go-to-market Issues

For the asset management target, we found out that the main restriction is given by the **lack of a specific regulation** about this new kind of financial products. This makes difficult to use IdleTokens in a professional context, but the SME told us that the regulation is going to be defined soon (1-2 years).

In order to be prepared for that moment, Idle team is going to focus on security assurance, firstly providing an audited smart contract. Furthermore, we will work on a managed solution for non-technical customers that need specific advisory.

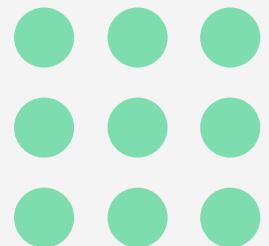




FEES AND REVENUE MODEL

We want to keep Idle free from any fees with the purpose of allowing everyone use the product and participate in the rebalancing process without additional burden.

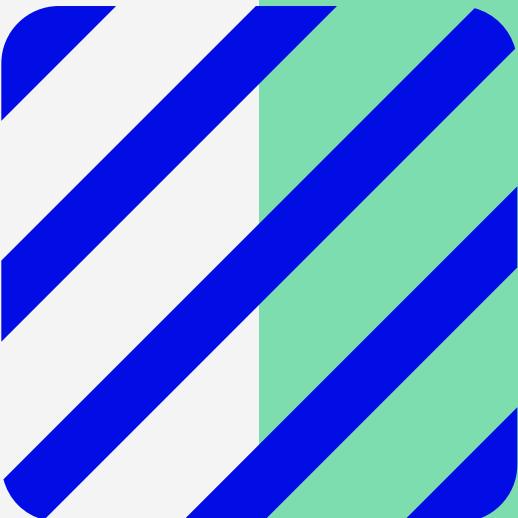
Our planned potential revenue stream can be achieved through tailored managed positions for non-technical users and developing services/dApps built using IdleTokens.



POSSIBLE SCENARIOS

Managed Positions

We can provide a managed solution for high-value non-technical customers that wants to invest in our product but need specific advisory. This service will allow user to get on-board assistance and this could be a potential revenue stream for the project through a fee-based model.

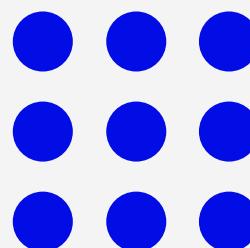


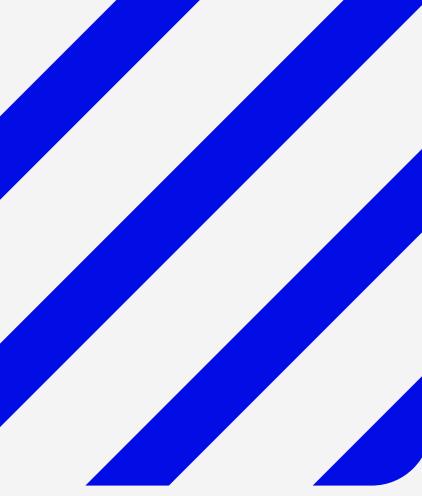
Gamification/ Financial Planning

A possible side-product can be a platform that allows user to plan desired purchases. They could use IdleTokens to set a revenue goal (coming from accrued interest) before executing the purchase. This process will be shipped through an interactive interface (e.g. a gamified UX/UI) that motivate users to save more and make more responsible purchases.

Further Developments

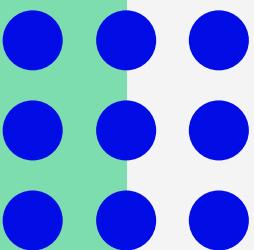
- 
- New Lending Protocols Implementation
 - New Crypto-Assets Implementation
 - UX/UI and On-Boarding Process Improvements





Project Edge Cases

Main problems and possible solutions



Interest Rates Slippage

During the rebalancing process, we are converting the entire pool from one protocol to another, potentially lowering the target interest rate, with the possible scenario where this rate falls below the previous one. We planned to implement a preventive check in order to get rid of this issue.

Failed iTokens Redeem

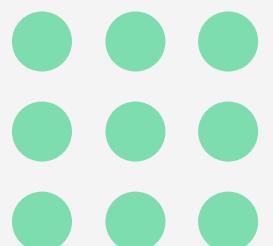
When redeeming IdleTokens, there is the possibility that Fulcrum' liquidity won't be enough. In that case user will be entitled to redeem the remaining funds directly on Fulcrum contract.



We are a whole Italian team, based in Treviso, Milan and London. We are looking forward to make our team grow.

CONTACTS:

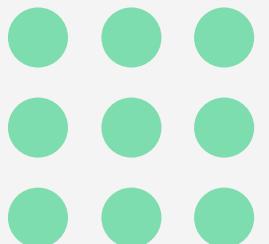
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- samster_91@msn.com - Samuele Cester



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- <https://medium.com/set-protocol/4-powerful-financial-products-possible-with-set-and-bzx-8fea08ee769>
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- Interview with Greggio Vittore
- <https://compound.finance/>
- <https://fulcrum.trade/>



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