

# Bootstrapping phase of the protocol and related risks

Autonolas tokenomics aims to incentivize the development of useful code units in the form of components and agents that ultimately contribute to the creation of services. In particular, code development is incentivized by rewarding developers (NFTs owners) contributing to services by getting a share of donations attributed to such services. Moreover, when service owners own a given *threshold* of veOLAS (e.g. they locked a certain amount of OLAS for a certain amount of time), code developers can also receive top-ups, as a share of newly minted OLAS as per OLAS inflation schedule.

In the beginning, the protocol does not attribute any share of donations to its Treasury. Thus, early service developers and early users of the protocol are further incentivized in the bootstrapping phase. Service owners then might create all components and agents making up the service by themselves and receive all the donations that signal appreciation for such a service. Plus, whenever such service owners also own a given *threshold* of veOLAS, they can also receive a share of OLAS inflation.

While incentivizing the participation, such a setup might be utilized in a counter-intended way and lead to a behavior that lets the service owner aim to collect all the OLAS inflation top-ups (almost “for free”) by being the owner of all the underlying components and agents and having a sufficient veOLAS *threshold*.

Currently, this behavior can be used only by the DAO founding members and later by early OLAS holders. In particular, service owners that are willing to only profit from the “free OLAS” scenario have to make an initial investment in OLAS, paying a fee to register components, agents, and the service, and pay a higher fee for being successful in their strategy.

This behavior becomes less and less profitable (in terms of the number of OLAS that can be obtained for “free”) after major players start utilizing the protocol, and more donations to more services will be processed and shared with multiple stakeholders.

After careful consideration we think that this is a risk that can currently be accepted in order to boost the protocol's early participation. When the activity on the protocol begins to take off, the described behavior can be further minimized by the protocol retaining a share of service donations attributed to the treasury.