Unit Economics of a Decentralized Compute Platform/Marketplace

Unit Economics

To provide a comprehensive calculation for the unit economics of IO.NET, including incentives, bounties, and airdrops typically used in DePIN projects, let’s do the CAC calculation, accordingly.

Lifetime Value (LTV)

LTV is the total revenue a business expects from a customer over the duration of their relationship. For IO.NET, we consider the following revenue streams:

1. Transaction Fees:
   - Average monthly GPU hours per customer: 1,000
   - Average rate per GPU hour: $2.5
   - Transaction fee: 10%

Monthly Revenue from Transaction Fees = 1,000 x 2.5 x 10\% = $250

Annual Revenue from Transaction Fees = $250 x 12 = $3,000

2. Premium Subscription Services:
   - Monthly subscription fee per user: $100

Annual Subscription Revenue = $100 x 12 = $1,200

3. Staking and Other Incentives (Estimated additional value):
   - Annual additional value from staking and incentives: $800

Adding these, we get the total annual revenue per customer (LTV):

LTV = $3,000 + $1,200 + $800 = $5,000

Customer Acquisition Cost (CAC)

CAC includes all costs associated with acquiring a new customer, such as marketing, sales, onboarding expenses, and incentives.

1. Marketing and Sales Costs:
   - Monthly marketing budget: $20,000

- Monthly sales team costs: $10,000

Total Monthly Marketing and Sales Costs = $20,000 + $10,000 = $30,000

2. Onboarding Costs per Customer:
- Onboarding costs per customer: $100

Total Monthly Onboarding Costs = 60 x 100 = $6,000

3. Incentives and Bounties:
- Average incentive per new customer: $50

Total Monthly Incentive Costs = 60 x 50 = $3,000

4. Airdrops and Initial User Incentives:
- Initial airdrop cost allocated monthly: $10,000
5. Total Monthly Acquisition Costs:

Total Monthly Acquisition Costs = $30,000 + $6,000 + $3,000 + $10,000 = $49,000

6. New Customers Acquired per Month: 60
7. CAC Calculation:

CAC = Total Monthly Acquisition Costs/New Customers Acquired per Month = $49,000/60 = $817

With these calculations, we estimate:

- LTV: $5,000 per customer annually
- CAC: $817 per customer

LTV/CAC Ratio

LTV/CAC Ratio = LTV/CAC = $5,000/$817 = approx 6.12

This robust LTV/CAC ratio of approximately 6.12 indicates that IO.NET effectively generates significant long-term value from each customer relative to the cost of acquisition, demonstrating strong unit economics and ensuring sustainable growth.