Metaverse Advertisement DAO

Whitepaper

Jan. 2022

Contents

1 Introduction

1.1 About

Metaverse Advertisement DAO (MAD) is a decentralized autonomous organization dedicated to exploring the best paths to monetization in the metaverse. It aims to facilitate collaborations between virtual landowners and builders by enabling these virtual properties to generate yields via advertisements.

Through MAD, brands can gain publicity through advertisements in the metaverse; landowners can earn profit while retaining their land ownership; builders can utilize virtual assets without the upfront capital commitments. MAD is a value exchange platform for virtual world landowners, players, and commercial companies alike, optimizing the utility of community-owned assets while sharing profit with DAO members.

1.2 Our Vision

MAD aims to promote metaverse finance (MetaFi) by connecting Web3 native users with real-world businesses and individuals, as we firmly believe in the potential of the virtual economy. MAD's goal is to expand MAD advertising estates to at least 2% of each metaverse space to reach the ideal advertising effect. In this way, MAD can encourage current metaverse players to explore and seize economic opportunities in the metaverse, while also introducing more real-world users to the metaverse. Starting from advertising, MAD will expand into different revenue-generating opportunities in the metaverse and become the go-to DAO for virtual asset owners and builders.

1.3 State of the Market

1.3.1 Introducing Meta-Fi

Although the word "MetaFi" was first conceived after metaverse gained mainstream recognition in 2021, the core idea behind it has a long history. From the peer-to-

peer exchange of in-game items to online marketplaces that trade virtual arts, in its broadest sense, MetaFi encompasses all transactions of virtual goods regardless of the means and medium of exchange.

The specific MetaFi we are interested in is also a part of this exchange, albeit focusing on the economic activities around virtual land and items in the metaverse. Most straightforwardly, MetaFi is the financialization of our economic activities around these land and assets, including purchasing, selling, renting. And the venues through which these activities are achieved can be NFT marketplaces, NFT lending protocols, in-game OTC exchanges, etc.

MetaFi also goes beyond these basic economic activities and includes more sophisticated financial products and services such as asset appraisal, NFT collateralization, yield generating, hedging, etc(Figure: 1). Compared to direct trading and lending, these activities are less mature and only recently emerging.
As more people hold assets and land in the metaverse, however, these products
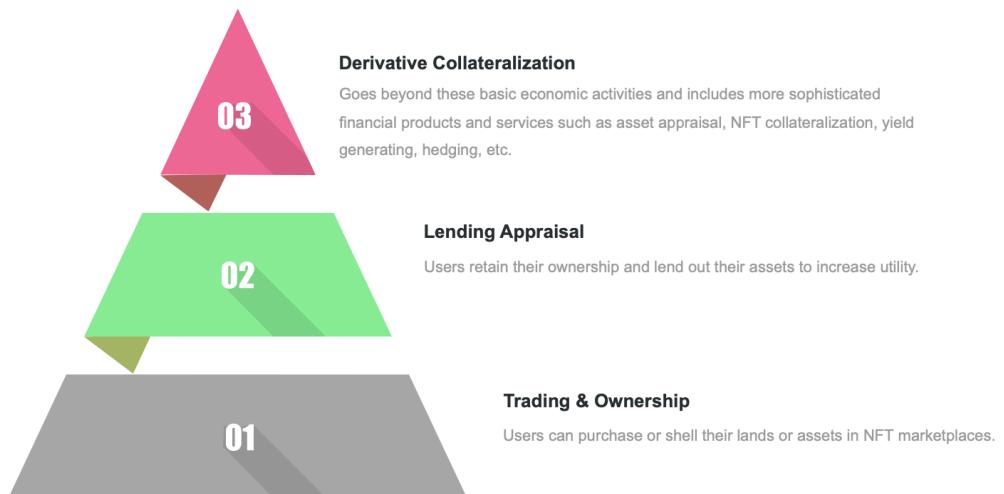
Derivative Collateralization
03
Goes beyond these basic economic activities and includes more sophisticated financial products and services such as asset appraisal, NFT collateralization, yield generating, hedging, etc.

Lending Appraisal
02
Users retain their ownership and lend out their assets to increase utility.

Trading & Ownership
01
Users can purchase or shell their lands or assets in NFT marketplaces.

Figure 1. Pyramid Structure of Virtual Asset Economic Activity

and services will become especially important. Ways to diversify NFT portfolios and generate income on top of metaverse holdings will become the new emphasis following the completion of the original accumulation of digital assets. The creative potential of metaverse land, such as building houses, forming cities, developing games, and hosting events, also makes the utilization right of metaverse assets especially profitable.

As such, the first step to building in MetaFi is to understand how virtual assets can be utilized to generate revenues, and how to package these utilization rights into viable financial products. It is MAD's goal to explore these different metaverse monetization paths and contribute to the understanding of the utility-based meta-verse economy.

Under this goal, we chose advertisement as our starting point because we re-alize that user attention is one of the most important resources in the metaverse. Whereas productivity in the real world is expressed as physical goods and services, productivity in the metaverse is based on user attention. Users' participation in metaverse activities is in fact an exchange between their attention and metaverse's offerings. And nothing is a more tried-and-true way to capture the value of this attention than advertising. Advertisers seeking public exposure in the metaverse will become the source of revenues for landowners and builders. In return, these asset holders and builders are incentivized to enrich users' metaverse experience to attract more traffic and make their holdings more valuable to advertisers.

1.3.2   Advertising in Metaverse

As Facebook's recent rebrand to Meta signaled an increased focus on the metaverse, various metaverse-related tokens greatly increased in value, including MANA and SAND: The market rank of Decentraland is # 42 based on a market capitalization of over 4 billion US dollars. The current CoinMarketCap ranking is #51, with a live market cap of over 3 billion US dollars.

The metaverse, as the merging of the physical and digital world, holds endless opportunities for brands: offering traditional businesses a new perspective to con-nect the physical products with the digital advertising. The concept of in game advertisement is not new; people are familiar with rewards after a video ads while playing a video game. However, advertisements in the metaverse can be far more seamless and enjoyable to the users than disruptive video ads. For instance, in-world advertisements can take place in virtual events in the metaverse. You can see virtual galleries almost everywhere inside the metaverse worlds. Luxury brands, celebrities and companies are trying to foster new forms of customer interaction and engagement. Playboy has its virtual gallery show in Decentraland, showcasing a range of original NFTs by digital artists in collaboration with Playboy's editorial and archival curators.

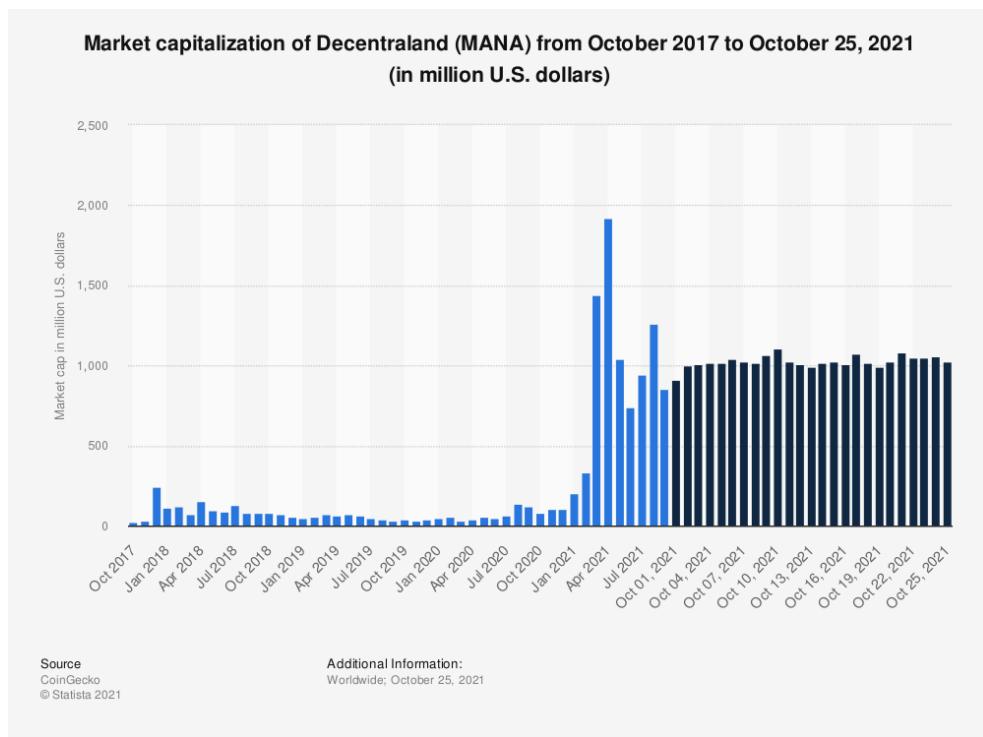In addition to fashion brands, musicians are using the metaverse as a place to

Figure 2. Market Capitalization of Decentraland(MANA).

host virtual concerts. The electronic music artist Marshmello paved the way with the first-ever concert experience within Fortnite in 2019 and Lil Nas X performed a similar concert in Roblox. Snoop Dogg had his collaboration with Sandbox, which recently released Snoop Dogg Private Party Pass NFTs for the fans to enter his private metaverse events(Figure: 3). For these artists, they reach far more audiences and gain more traction through virtual concerts than a real world concert. Not only stars, emerging musicians or influencers can also build their virtual events and invite people to come and interact with their avatars; same way as the real world but more audiences. Traditional web users can always watch video streams of these events but the most exciting feature that makes these metaverse events stand out is that they have each audience as an active participant.

Moreover, Fintech companies are also jumping on the opportunity to capitalize on new financial needs, and other gaming companies are creating new virtual products from avatars to collectibles. This increasing marketing shift to the metaverse marks an excellent opportunity for MAD, opening up additional business possibilities.

Figure 3. Snoop Dogg's Collaboration with Sandbox

2   Business Thesis

The primary revenue of the DAO will come from leveraging MAD-managed NFT lands either directly or indirectly to businesses looking for exposure in the metaverse.

Land Leasing. In MAD, land providers can delegate nft lands in any metaverse world to the DAO and earn rewards. Users can view current yield, harvest their yield, or even redeem their estate anytime on our website.

Auction. Unlike other land leasing services in the metaverse, MAD implements a bundling strategy: all land estates are batched together as a single combined bid to achieve maximum exposure. As MAD batches chunks of lands together, advertisement rights are auctioned. The bundling strategy is ideal for both land owners and advertisers: with a collection of land owners, the value of parcels will increase and the larger land can be put into greater use; for the advertisers, with larger and more land parcels, they will gain more exposures for their business. Auctions are held once per epoch and a single epoch is 24 hours. As with all things in MAD, this is subject to revision by the community through DAO governance. Some possible new auction mechanisms are as follows:

- **Continuous Auction.** Epochs are replaced by an auction stream and the highest bidder will automatically be given advertising rights at any time. This auction

type is introduced by Superfluid Finance. Each participant would need to initiate a bidding stream to the auction contract. If the stream is accepted then that user has to keep the stream running for certain amount of time. Continuous auction will benefit advertisers who want to put on their ads immediately but might encounter platform limitations.

- **Multichain.** The auction workflow can function separately from the delegation workflow, giving it the flexibility to run on non-native blockchain networks and giving users the freedom to choose what network and cryptocurrency they use to bid. Such flexibility improves user experience for the bidders and more importantly makes us compatible with more metaverse layers.

Reward Claiming. Of the winning auction bid, 10% go to DAO treasury and the rest go to land providers. The portion for the land providers will be distributed based on estate size, lease length, location, and traffic volume. The reward distribution can be further revised via DAO governance as MAD allows the community to initiate and vote on proposals.

Ads Booster. Most metaverse DAOs build easier metaverse gateways to accelerate the circulation of virtual assets and MAD achieves this by allowing users to benefit from their unused land assets. In addition, it also facilitates other new markets within the metaverse economy such as real estate, marketing, gaming, etc. MAD will draw support from all metaverse resource service promoters to jointly conduct operational events, curate, check-in, and customize wearables in the metaverse. Granted, the metaverse user flow is not comparable to that of traditional social media(Figure: 4), thus MAD will also work with KOLs to produce relevant content on mainstream social media platforms such as Twitter, TikTok, and YouTube, driving the demand of ad purchasers in the real world. MAD provides advertisers with a new feature called "Ads Booster" which promotes their business in the metaverse as well as traditional platforms.
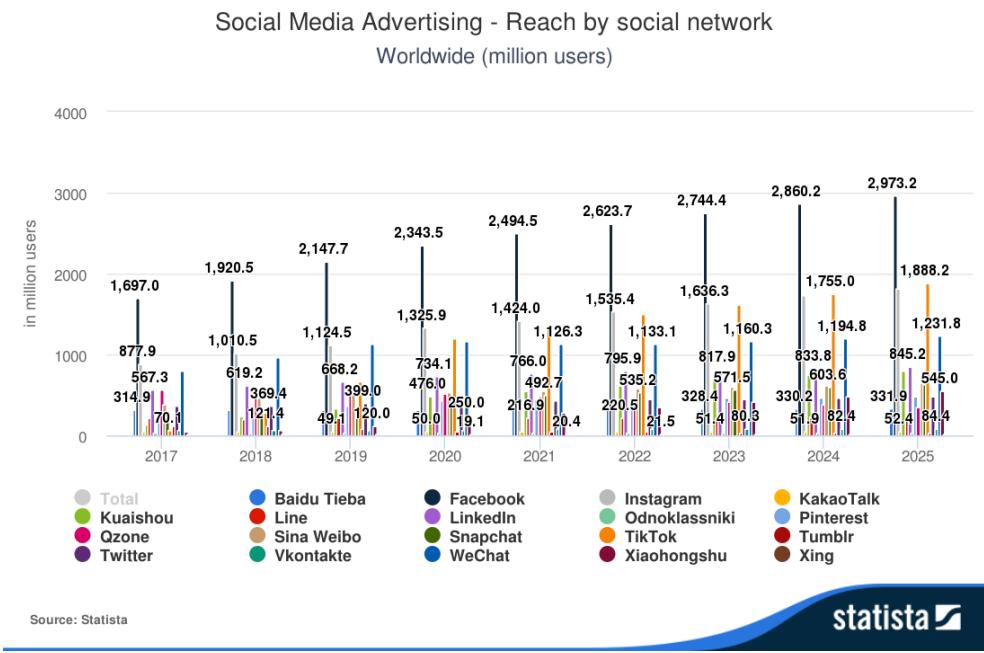
Figure 4. Social Media Advertising User Flow.

3 The DAO

3.1 Early Structure

MAD aims to establish a decentralized organization that gathers people with different skillsets and assets to collectively explore the advertising and marketing opportunities inside the metaverse. To achieve this goal and better build the economic system inside different metaverse spaces, MAD wants to unite land owners, metaverse builders, and researchers by creating the following subDAOs. SubDAO members can write proposals in their relative fields to access MAD treasury.

- **LandOwnersDAO.** Land owners are encouraged to stake their metaverse lands on MAD. Land holders can claim advertising revenue depending on estate size (land parcel amount), staked period, and traffic volume.

- **BuildersDAO.** Builders in BuilderDAO will be responsible for billboard design and head quarter design for MAD. Apart from this, BuilderDAO can work on

more advertising projects; Builders can write up proposals to MAD with detailed information of the building project, design, time line and budget. (Figure:5)

Figure 5. current builds by BuildersDAO

- **AnalystsDAO.** Researchers in AnalystDAO are responsible for virtual world, land and asset analysis. Researchers can provide researches on new metaverse space that MAD can possibly expand to, come up with an algorithm in the metaverse as a reference for land and asset trading. Researchers can draw up proposals and quality research articles to gain rewards. (Figure: 6)
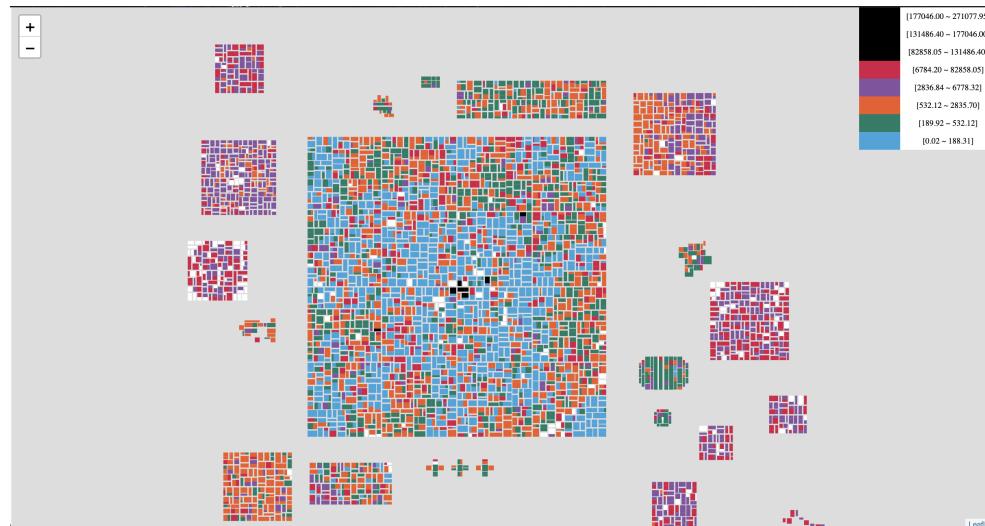

Figure 6. land price Heatmap by AnalystsDAO(@Treasury Research)

3.2 Governance and Voting

Proposals and voting will be related but not limited to the following subjects:

- Technology

- Products and projects

- Token distribution

- Governance structure

Any member of the MAD network can send proposals through the MAD forum for the ecosystem to cast their votes. Decisions will be based on the majority of votes and implemented through a distributed system. Tokens may be granted as rewards to community members that create winning proposals for the DAO to implement. As such, the MAD token is used to garner community consent for protocol-level changes to smart contracts, as well as for actions expensed from the DAO treasury.

Tokens will represent voting rights in the DAO. MAD implements quadratic voting, an innovative improvement of the traditional 1-person-1-vote or 1-dollar-1-vote voting scheme. The simplified formula on how quadratic voting functions is:

$$CostToTheVoter = (NumberOfVotes)^2 \tag{1}$$

3.3 Badge System

To incentivize participation during weekly advertisement related operation events (Metaverse Ads Challenge, in-game Meet ups, TikTok challenges, etc.), MAD will deliver exclusive NFT badges to all participants. MAD operates on a cumulative system rather than a level up system, meaning MAD community members that collect the most badges from operation events enjoy the most benefits the DAO has to provide (airdrops, NFT drops, higher APYs and exclusive channels for the most active community members – MAD OG).

4 Road Map

4.1 Metaverse Advertisement DAO 1.0

Product Launch:

- Landing page
- Land delegation feature: Land owners can delegate their land to MAD directly on mad website
- Land profit claiming feature: Land owners can claim ad rewards based on delegated land traffic volumes
- Advertisement Auction: Advertising rights are auctioned every epoch
- MAD subDAOs web page

   DAO Structure Governance:

- Discord Community, bot verification
- SubDAOs established: BuildersDAO, LandownersDAO and AnalystsDAO
- Submit and vote on proposals with Snapshot
- BuildersDAO build NFT gallery space as public good for NFT artists to sell art for free
- AnalystsDAO publish land value heatmap and land market analysis

   Metaverse Scaling & **Advertising Operations:**

- Expansion to 2% of Cryptovoxels land parcelsOver 150k in aggregated visits
- Expansion to 2% Decentraland land parcels
- Community vote on the next metaverse platforms
- Billboards deployed on each delegated parcel

5 Metaverse Platforms

Currently, there isn't a singular universally interoperable metaverse; we have, instead, different platforms collectively contributing to a fragmented overarching metaverse. Our goal is to support advertisement across all popular metaverse spaces and we will continuously add more metaverse worlds during each phase as they gain traction and approved by the community.
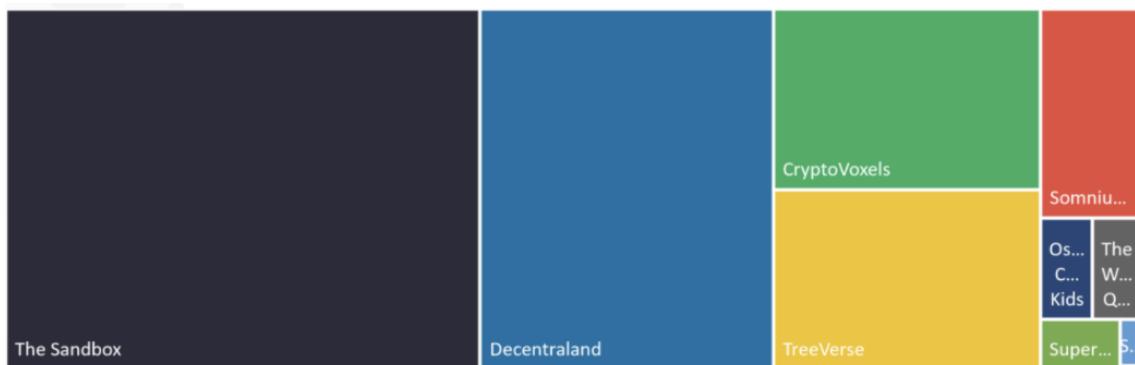

Figure 7. Market Volume(USD traded from sales in Q3 2021).

The Sandbox is a virtual world built on the Ethereum blockchain where players can build, own, and monetize their gaming experience. It covers the majority of the market trading volume(Figure: 7). Until now, The Sandbox platform includes VoxEdit, a software to create voxel assets that can be traded as NFTs; Marketplace, where users can trade in-game assets; Game Maker, a visual scripting tool that allows users to build 3d games. Unlike other platforms, The Sandbox is more gaming-centric and thus allows more interaction possibilities. The Sandbox is a great choice for MAD since it allows multiple venues of monetization such as selling assets in marketplaces, owning or renting out a LAND, and building games on the Game Maker platform.

Moreover, The Sandbox's map greatly accommodates branding and marketing (Figure: 8). In addition to showing the location of each land, The Sandbox fills parcels with logos of the business built on said lands. This way, instead of having a regional "hot spot" inside the metaverse, the trendiest location will always be shifting towards whomever creates a large and immersive experience on the land.

This will be a great opportunity for MAD: imagine our clients' logo appearing on the map directly alongside those of other leading businesses in the world.

Figure 8. the Sandbox map

Decentraland is an Ethereum-based virtual 3D space where you can build your assets, engage with Non-Fungible Token art, play interactive games, attend live concerts, etc. There is a thriving marketplace in the Decentraland world where players trade their Land assets and wearables. Two essential features of Decentraland that make it an ideal platform for MAD are 1) a customizable SDK for building and deploying - which makes it possible to automate the advertising process - and 2) allowing users to delegate operational rights to their land.

One noteworthy feature of Decentraland is that its scene can directly interface with the Ethereum blockchain: to obtain data of the user's wallet and tokens and to trigger any Ethereum transaction. Imagine how this can be used in different scenarios such as token mining and token rewards as a part of gaming mechanics.

Cryptovoxels is a Minecraft-inspired virtual world consisting of 24 islands and 55 neighborhoods running on the Ethereum blockchain. Players can buy lands, build stores and art galleries inside this reality. One of the best things you can do inside Cryptovoxels is to simply wander around, which makes billboard advertising more valuable. Moreover, parcel owners can designate parcels as "sandbox parcels", allowing anyone to build on their parcels for free. Sandbox parcels facilitate community interaction and involvement. In addition to directly purchasing a land parcel, parcel owners can also designate editing rights to contributors in parcel settings. This allows users to lend their parcels and opens up more monetary possibilities such as activity space renting, advertising, property management, etc. Crypotovoxels recently released their "Scarcity Parcels", which allows users to explore parcels and find treasures, just like a metaverse scavenger hunt. This new idea adds certain gaming experience as well as monetizing opportunities inside the

world: by finding the spot and signing the guestbook, the users can get rewards.

In addition to the above mentioned major metaverse worlds, there are some more emerging metaverse games such as Bloktopia, Wilder World, TCG World, NetVrk, etc. MAD will expand to promising metaverse spaces where land trading and different business models are encouraged. For instance, Blocktopia motivates users,or "Blocktopians", to learn, earn, play and create. Bloktopia real estate will be made available for Bloktopians to purchase, which opens for more economic opportunities such as passive earning, staking, advertisement, etc. Although Bloktopia itself says that the team will directly work with key brand partners to advertise within Bloktopia, we firmly believe a community-based advertising organization with builders, event planners and land owners from the community can co-exist to fully exploit the monetary opportunities inside the metaverse world. The Wilder World is a new dimension of reality and immersive 5D metaverse built on Ethereum, Unreal Engine 5, and ZERO. Although it is not live yet, the team is aiming to open LAND sell of the first city in the world in early 2022. Wilder World is another promising metaverse space for MAD since they value the utility of lands and they are developing an metaverse space where NFT collecting, gaming and token economics are interconnected. MAD team and MAD community will continuously research on novel metaverse projects and explore business models within them.

Figure 9. Wilder World