Project name:

ShapeShift DAO

attn: @danelund.eth, @Gonna.eth - we are posting here to include graphics/tables.

Author name(s) and contact info:

Primary: T Wells (Discord: T Wells#9070)

Secondary: @willy (Discord: willyfox#1178)

I understand that I will be required to provide additional KYC information to the Optimism Foundation to receive this grant:

Yes

I understand that I will be expected to following the public grant reporting requirements outlinedhere

: Yes

L2 recipient address:

0x6268d07327f4fb7380732dc6d63d95F88c0E083b

Which Voting Cycle are you applying for?:

Cycle 10

Grant Committee:

Growth Experiments

Project description:

The roadmap for the ShapeShift DAO is ultimately driven by our community of FOX Token holders. Currently, we are aligned on the following vision and mission:

Vision

: We envision a borderless financial system built on open, decentralized protocols.

Mission

: We shall be the pathway into this borderless financial system; an open-source, multi-chain, self-custody crypto platform enabling billions to achieve financial sovereignty.

An in-progress version of the new ShapeShift is live atapp.shapeshift.com. This version is open-source, supports multiple wallets, and multiple blockchains (not limited to EVM-compatible networks), and is architected for complete decentralization.

The new ShapeShift app, powered by an open-source stack includingHDWallet, Unchained, Chain Adapters, Swapper, and Web repositories, will enable completely decentralized access to DeFi protocols across any chain. Additionally, the upcoming Arkeo will provide backend node infrastructure for any interface that wants to be truly decentralized, including ShapeShift's (more info).

Through integrations with DEX and DEX aggregator protocols such as 0x, CowSwap, THORChain, and Osmosis (in-progress), ShapeShift enables users to seamlessly move crypto assets across chains with no KYC, custody, or added fees. We believe a decentralized interface and blockchain data infrastructure are imperative to bringing DeFi to the masses, and the ShapeShift community is actively coordinating to build this.

Finally, we would like to emphasize a strong sense of alignment with Optimism on the principles of decentralization, self-custody, and trustless finance

. As one of the first centralized crypto companies to DAO-it starting in 2021, ShapeShift spent the better part of a year decentralizing our operations and open-sourcing our codebase. We draw on a wealth of industry experience from inside and outside the Ethereum ecosystem and aim to help expand the reach and appeal of the Optimism ecosystem.

Here's a sneak peek of ShapeShift's beautiful, cross-chain UI for Portfolio View, Fiat Ramps, Assets, DeFi Yield, and Trading:

Popular native swaps in our app made possible by our THORchain integration:

Project links:

- Dapp: app.shapeshift.com

- Website: www.shapeshift.com

- GitHub: ShapeShift · GitHub

- Twitter: twitter.com/shapeshift

- Discord: discord.gg/shapeshift

- Android: play.google.com/store/apps/details?id=com.shapeshift.droid_shapeshift

- iPhone: ShapeShift: Crypto Platform on the App Store

As some of you might be aware, [ShapeShift transitioned from a centralized company to DAO in 2021](). We adopted a governance and operational framework illustrated below:

[

WS_Chart_3

1439×756 159 KB

](https://global.discourse-cdn.com/business7/uploads/bc41dd/original/2X/8/898bb5457af28c333d9faa4a7ea172e9de168976.png)

Additional team member info:

The ShapeShift team includes OG builders from pre-DAO ShapeShift, as well as seasoned web3 operators:

- [Willy Fox]() (Fox Foundation)

- [0xdef1cafe]() (Engineering WS Lead)

- [Diggy]() (Product WS Lead)

- [T Wells]() (Marketing & BD)

Previous projects the team has meaningfully contributed to:

[Giveth]()

[KeepKey]()

[CoinCap]()

[Portis]()

Competitors, peers, or similar projects:

[Zerion]()

[Zapper]()

Is/will this project be open sourced?

Yes, we are open-source ([GitHub]())

Optimism native?:

No

Date of deployment/expected deployment on Optimism:

Network support for Optimism is currently online, with fiat-on ramps available immediately. Further feature deployment details below.

Ecosystem Value Proposition:

What is the problem statement this proposal hopes to solve for the Optimism ecosystem?

Optimism's goal of empowering the next billion users to experience web3 through the security of L2s requires constant experimentation around incentive distribution. Nearly three years have passed since DeFi summer, and although liquidity

mining is still commonplace, alternative methods of attracting and retaining capital and community are possible. Furthermore, when considering the next billion users, there are a few fundamental features likely to be the most important to their journey in DeFi:

- Fiat On-ramps

- Swapping

- Cross-chain bridging

However, there are two main problems associated with current efforts to incentivize these actions:

1. Fragmentation - these features are often spread across multiple dapps.

2. Sybil Resistance - offering significant incentives for features such as swapping/bridging can lead to abuse.

How does your proposal solve the problem above, and offer a source of growth for the Optimism ecosystem?

ShapeShift proposes to solve both of the problems above through a new incentive experiment that:

1. Unifies all three features in the ShapeShift interface for the Optimism Network.

2. Implements a sybil resistance layer that balances UX friction with incentives offered.

We recently shipped support for fiat ramps and swapping on Optimism, and would begin the incentive program with these features. Specific details on the proposed program and sybil resistance options can be found in the token distribution section below.

In addition, we have added Optimism to our native wallet with 20k monthly active users. They are only a click away from exploring the ecosystem, and we are confident in our ability to convert many of them to Optimism users via the proposed rewards program!

Has your project previously applied for an OP grant?

No.

Number of OP tokens requested:

250k

Did the project apply for or receive OP tokens through the Foundation Partner Fund?:

No.

How much will your project match in co-incentives?

ShapeShift is open to discussing FOX co-incentives for Phase 1 of the proposed distribution schedule below.

Proposal for Token Distribution

How will the OP tokens be distributed?

The incentive program we propose is made possible by our partnership with DappBack; a web3 rewards platform. In collaboration with their team, we can design and deploy custom user quests around each of the three core features that reward OP tokens for completion. Below is a UI mockup:

[

DappBack-WireframeUI (3)

1296×651 72.3 KB

](https://global.discourse-cdn.com/business7/uploads/bc41dd/original/2X/a/a0a109cf493a8103c093fd324c0eac478c21c0e0.png)

In order to protect these quests from sybil attack, we will require users to have adopted Gitcoin Passport with a score of 21.76 or higher. ShapeShift has experience distributing millions of dollars worth of crypto rewards as user incentives and defending against the resulting attacks. We have a high level of confidence in Gitcoin Passport, and believe its implementation in this experiment could help solidify its place as an industry standard for sybil resistance. Any user with who has adopted Passport and completed all three feature quests is a unique, valuable target user successfully onboarded to Optimism.

If selected for a grant allocation, ShapeShift would distribute OP tokens in two phases:

[

OP Prop Phases (2)

1920×1080 30.8 KB

](https://global.discourse-cdn.com/business7/uploads/bc41dd/original/2X/e/ed50a53660e805839777c1e0ab9489a47797a0f8.png)

Phase 1

(60% of OP)

This phase would begin with incentivization of all three features as they roll out on our interface (fiat ramps, swapping, and bridging), and continue for the duration of the program.

Since April 2022, Optimism network has maintained a monthly average of ~394,000 transacting addresses making ~23 transactions apiece. Although we're missing the exact historical figure, it's safe to say over 10m OP has been awarded since the grants program began, which indicates ~25 OP spent to acquire a monthly transacting address. For the purposes of Phase 1, we will aim to substantially reduce this cost to ~15 OP/TA and target the monthly milestones below.

[

TA Targets

1377×441 44.6 KB

](https://global.discourse-cdn.com/business7/uploads/bc41dd/original/2X/3/32eb6fc4071d069578510e1db9adb18885db0be4.png)

Phase 2

(15% of OP)

The second phase will begin after all three features are deployed, and serve to incentivize Optimism-native dapps to integrate with the ShapeShift interface by offering new reward tasks via DappBack upon completion. These tasks could closely mirror those previously deployed on Optimism with the exception that users would be expected to complete tasks via the ShapeShift interface, and receive OP tokens rather than NFTs.

FOX/wstETH Liquidity Mining (15%)

In addition to the incentive phases above, ShapeShift proposes a modest liquidity mining program for a FOX/wstETH pair on Velodrome. Unlike the features in Phase 1, liquidity mining is inherently sybil-resistant, and could therefore be implemented directly within the ShapeShift app, similar to our existing program on Ethereum Mainnet. This opportunity could be easily accessible to our existing liquidity providers on mainnet, many of whom may choose to migrate to Optimism. We are excited to work with Velodrome and Lido Finance on this liquidity experiment and look forward to feedback from the Committee on how we can collaborate on incentivizing FOX/stETH in a sustainable way.

Marketing/Co-marketing

(10%)

We have a number of creative options in mind here and are open to suggestions. A few examples would be small, targeted airdrops to incentivize our current Cosmos and THORchain users to migrate to Optimism as well as in-person learning experiences at ETH Denver and F3ST.

Over what period of time will the tokens be distributed for each initiative?

Token incentives would be distributed over six months (see figure above). Two months for our feature ramp-up, followed by three to four months of continuous rewards for Phase 1 quests, with an additional layer of incentives for new partner projects.

What are the key milestones/KPIs you expect to achieve for this initiative?

ShapeShift aims to onboard 20k+ MAU to the Optimism network, providing a free, easy, and open-source interface to buy, sell, trade, bridge, and interact directly with Optimism protocols. We will report data for:

- Total fiat on/off ramp volume on Optimism via ShapeShift

- Total trading volume on Optimism via ShapeShift

- Total bridging volume on Optimism via ShapeShift

- Number of unique accounts onboarded to Optimism

Why will incentivized users and liquidity on Optimism remain after incentives dry up?

OP token incentives will help bring users into the Optimism ecosystem and discover their favourite apps. Once onboarded, these users will want to stay for cheap, fast, and secure transactions. The ShapeShift app will always function as a means to expose new users to Optimism and the variety of dapps it has to offer.

Please provide any additional information that will facilitate accountability:

Our interface does not include custom smart contracts; all project code can be viewed on our[GitHub](#).

Confirm you have read and agree to the Eligibility Restrictions

([here](#)): We have read the Eligibility Restrictions and agree to abide by their conditions