

Note

: In the spirit of open communication, this proposal aims to launch a discussion around the first proposed iteration of [direct-to-contract incentives](#) on Arbitrum. As an introductory proposal and a call for collaborators, we welcome feedback from delegates, analysts, protocols, Orbit chains, and the community.

We'd also like to note that while this proposal is under development, it is designed to complement existing Arbitrum project incentive programs like STIP and LTIPP, as well as Foundation programs for Orbit partners. It is not intended to compete with or deter those programs, but rather bring new tooling, onchain innovation, and important marketplace dynamics to the Arbitrum Incentives ecosystem.

Abstract

The Arbitrum Orbit Stimulus Pilot introduces an objective and metric-driven onchain incentives program designed to provide infrastructure and tokens to help grow Arbitrum's Orbit chains.

This proposal evolves protocol-driven incentives by leveraging composable, permissionless, and onchain infrastructure to facilitate decentralization, via third-party incentives managers, and streamlined operations, via onchain tooling.

The proposal introduces a six-month and 9M ARB program to support user growth and retention on up to six Arbitrum Orbit chains. Orbit chains will be selected via an Arbitrum DAO council with a budget to both setup infrastructure and incentives to bootstrap their project. Each accepted chain is eligible to receive the following:

1. Up to 1M ARB for onchain user incentives (including performance fees for Incentive Managers, etc.)
2. Up to 500k ARB budget for onchain infrastructure support (Including rpc, indexer, data, and incentives infrastructure).

Motivation

The ultimate motivation of this proposal is to simultaneously endow Arbitrum Orbit chains with long-term onchain infrastructure for sustainable growth while simultaneously offering an alternative model that improves upon existing incentives programs by addressing existing issues of [bureaucracy](#), [capture](#) and [inefficiencies](#).

The Arbitrum Orbit strategy represents "freedom". By encouraging its Orbit partners to customize their L2/L3 chains with unprecedented flexibility, Arbitrum is well positioned to attract a diversity of use-cases, structures, and strategies to the ecosystem. As such, this proposal aims to establish growth support for every Orbit chain (defined as an Orbit L2 sharing sequencer revenue or an Orbit L3 built on Arbitrum One or Arbitrum Nova).

We believe that validating the efficacy of onchain incentives infrastructure and performance-driven incentives will establish a foundation for long-term Orbit success. Equipped with robust tooling, Orbit chains, the DAO, and even third-parties (DEXs, onchain games, creators, etc.) can leverage the infra beyond the ARB granted from the program, either leveraging future grants, native tokens or digital assets, even when DAO incentives dry up.

The proposal aims to address multiple issues:

- User Experience

: By establishing a unified incentives funnel, it seeks to unify Orbit chain discovery into a cohesive user experience, addressing fragmented users and providing a scalable growth strategy for each protocol's journey from an app to a chain.

- Onchain Tooling

: By replacing short-term programs with long-term tooling and infrastructure, Orbit chains will leave the Stimulus Pilot program with robust user data (CAC, segmentation analysis, growth metrics) and onchain relationships with their users, extending value beyond the status quo of continuous incentives via program extensions.

- Objective-based Grants

: By grounding Orbit growth in [objective](#) metric-based [strategies](#) (i.e. [Mantle](#), [Blast](#), [Optimism](#)) the DAO can align its impact with specific Orbit chain goals and objectives.

- Evolving Onchain Incentives

: As a pilot step toward the [direct-to-contract philosophy](#), the Arbitrum Orbit Stimulus Pilot aims to realign DAO grants with blockchain principles: transparency, decentralization, and [automation](#).

Rationale

Arbitrum DAO has approved over 115M ARB worth of incentive grants on Arbitrum. Although these [project-based grants](#) spurred significant on-chain activity, they've been impeded by operational inefficiencies, unclear governance, and a lack of strategic direction. The absence of clearly defined success metrics has created a disconnect between [expectations and outcomes](#). The DAO has largely been unable to define success, leading to misaligned expectations, grants, and results. Further, as Arbitrum chains grows, its user base becomes increasingly fragmented, leading to a disunified user experience and making it more difficult to explore complementary protocols and chains in the ecosystem.

This fragmentation complicates interaction with complementary protocols and chains within the ecosystem. While previous incentives favor protocols with precedent and governance influence (existing dApps on Arbitrum), an increasing wave of partners and protocols require support for new challenges in launching Orbit chains. This proposal advocates for a technical collaboration to foster and validate efficient, decentralized, and forkable on-chain workflows, along with tooling that will last long beyond the incentives themselves.

Concentrating on Arbitrum Orbit chains, this proposal aims to establish an adaptable, user-centric, and accountable bootstrapping framework. This initiative is designed to address unique challenges of L2 and L3 chains, offering innovative solutions that underline the proposal's goal to exemplify its strategies within the Arbitrum ecosystem.

Program Structure

The program is managed by three key roles: The Orbit Pilot Council, Orbit Grantees, and Incentive Managers.

How incentive programs generally work

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How The Orbit Stimulus Pilot Works

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Program Roles and Responsibilities:

- Orbit Pilot Council

: The Orbit Pilot Council is responsible for evaluating, approving, and validating both Orbit Grantee and Incentive Manager applications.

- Orbit Grantees

: These are the Orbit Chains receiving incentives. They work with eligible Incentive Managers to define key objectives, metrics, campaigns, and KPIs. Orbit Grantees are approved by the Orbit Pilot Council.

- Incentive Managers

: These are professionals or entities whitelisted by the Orbit Pilot Council to design and deploy incentive strategies tailored to Orbit chains' unique needs. They collaborate with Orbit Grantees to devise comprehensive strategies focused on areas like user acquisition, retention, liquidity management, transaction volume, and other strategic objectives.

Program Governance

The program is overseen by the Orbit Pilot Council, ratified by the Arbitrum DAO, responsible for reviewing and approving Incentive Manager and Orbit Grantee applications, as well as proposed strategies. The DAO holds ultimate responsibility and governance for the Council. The Council will comprise five individuals elected by the DAO in the Orbit Pilot Council election. At least one seat will be filled by an appointed representative from either the Arbitrum Foundation or Offchain Labs at the time of the proposal's onchain vote.

Process

- Election Stage

: The DAO elects council members for the Orbit Pilot Council.

- Application Stage

: Incentive Managers and eligible Orbit Chains submit applications in their respective tracks.

- Evaluation Stage

: The Orbit Pilot Council reviews and approves up to six Orbit applications and whitelists eligible Incentives Managers.

- Proposal Stage

: Accepted Orbit Chains work with Incentive Managers to propose strategies.

- Execution Stage

: Orbit Pilot Councils approve proposals, allowing Incentive Managers to deploy strategies. Once approved, grantees will be empowered to distribute incentives over a 6-month period, from the date upon which incentives are received. Over this period, Incentives Managers and Orbit Chains will design, execute, and deploy strategies over 1-month periods.

Technical Implementation

The program leverages the Boost Protocol, a composable, permissionless, and on-chain infrastructure for deploying incentive strategies. Incentive Managers can use no-code onchain tools to incentivize specific onchain actions, with parameters like address whitelisting, action types, protocols, assets, reward sizes, and incentive lengths.

The innovative approach outlined below leverages the Llama protocol alongside a sovereign governance model, integrating role-based solutions to streamline grant operations without compromising the core principles of flexibility and decentralization. This model employs a contract system to establish a primary account and define policyholders, utilizing soulbound ERC-721 tokens to enable permissioned responsibilities.

Additionally, this framework introduces a management platform and no code incentives deployment, facilitating the direct control of DAO over program goals while ensuring compensation and monetization for each side of the incentives marketplace. The subsequent sections will delve into the distribution mechanisms, data and measurement strategies, and the economic impact of these innovations, underpinning a governance model that not only enhances program management but also fosters accountability, transparency, and community engagement in the blockchain ecosystem.

Onchain Program Management

The Program employs a role-based solution using [Llama](#) protocol contracts, streamlining grant operations while maintaining flexibility and decentralization. The contract establishes a primary account, with the ability to define policyholders. A policy is a soulbound ERC-721 granted to an EOA, enabling permissioned responsibilities to either create (mint) new policyholder NFTs or spend permissioned amounts from the Llama primary account. This structure allows for onchain program management, ensuring both security and the use of funds on the appropriate use cases.

The following summary outlines a sovereign governance model that enables direct DAO control over program goals, objectives, budgets, and managers.

- Orbit Program Account

: An account managed by Policyholders. This account will receive the program budget (ARB) from the Arbitrum Treasury upon passage of the AIP. The program account will only be able to transfer ARB on the whitelisted deployment addresses (Boost Deployer Contract Address) OR in a clawback to the Arbitrum Treasury. The Orbit Pilot Council will be able to select a spend limit for each approved Orbit Program Account (one account per accepted grantee).

- Incentive Managers

: * Orbit Pilot Council Policy

: The Orbit Pilot Council Policy will be assigned to a specific budget within the Program Account to which the Orbit Pilot Council may assign Incentive Manager Policies for each program (Network Stimulus, User Adoption, and Incentive Sandbox).

- Incentive Manager Policy

: Incentive Managers will be permissioned to spend ARB from the Program Account.

- Orbit Pilot Council Policy

: The Orbit Pilot Council Policy will be assigned to a specific budget within the Program Account to which the Orbit Pilot Council may assign Incentive Manager Policies for each program (Network Stimulus, User Adoption, and Incentive Sandbox).

- Incentive Manager Policy

: Incentive Managers will be permissioned to spend ARB from the Program Account.

View the technical specifications of this onchain infrastructure here:[Orbit Incentives Technical Spec](#)

No Code Incentives Deployment

To encourage both decentralization and streamline incentive deployment, Incentives Managers will leverage the [Boost Manager](#) toolkit. Manager is a “no code” tool to deploy incentives in a trustless manner. This interface provides access to Orbit chain plugins which allow them to incentivize specific actions (swaps, mints, etc.) and collaborate with the Orbit Chains to enact pre-determined strategies targeting areas like user adoption, liquidity management, or transaction volume.

Built into the incentives deployment is a native fee structure, allowing a small portion of the incentives budget, and user claim fees, to provide compensation to both Boost creators, and user platforms, to help align each stakeholder in the incentive process.

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Distribution

Orbit chains instantly tap into a cohesive user experience facilitated by the [Boost API](#). This allows each incentive opportunity to be displayed by any frontend, with the aforementioned compensation structure providing a small monetary benefit to any frontend who wants to help funnel users to the action. This means wallets, dApp websites, chain websites, and the DAO owned Arbitrum Inbox (shown below), each can participate in bringing a wide audience base to the chain itself. Unlike traditional incentive programs, which require users to find the app chain independently, these frontends also facilitate user discovery through many centralized locations (including frontends hosted by dApps, Orbit chains themselves, and by the Arbitrum Foundation), while the core infrastructure and earning opportunities operate entirely on-chain.

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Data and Measurement

A key shortcoming of incentive programs to date has been the lack of standardized data at both the strategic program level, and the tactical level. Despite strong efforts, the DAO has failed to agree upon concrete KPIs, while paying for reporting that, as a result, provides little actionable information. KPIs and accurately report them. To help solve this issue, this

proposal provides financial support for both RPC and Indexer costs (if needed). Eligible chains will also receive integration with either Dune or Flipside, providing open data for the community and, therefore, accountability and performance.

Leveraging native attribution, standardized claims, and the [Boost API](#), this proposal enables comparable analysis in real-time. As each Incentive Manager deploys strategies, The Orbit Pilot Council and Orbit Grantees have the ability to provide feedback on iterative campaigns. This means that each individual Boost strategy can be picked apart, compared, and incentive managers can conduct sophisticated methods such as A/B testing, targeted whitelisting, and iterative approaches.

The goal is to collaborate with these entities to create comprehensive dashboards tailored to the specific objectives of each program. These dashboards will enable anyone to analyze, report, and evaluate the performance of various incentive strategies deployed by Incentive Managers. Since the underlying data is open-source, these dashboards can be modified, built upon, or critiqued by anyone in the community, fostering transparency and collaborative improvement.

Key Performance Indicators (KPIs) and Data Driven Results

Imperative to the proposal is the ability for each Orbit chain to be accountable to deliver reasonable and expected results. Thus, Incentives Managers, the Arbitrum Orbit Council, and Orbit Chains will work together to define and present key performance metrics to support their proposed strategies. The Council will be responsible for the approval of Orbit Chain KPIs and deployment objectives, while Incentive Managers and Orbit Chains will work together to design and implement strategies, iterating based on real-time results and campaign objectives.

Depending on the chain, these metrics will be held as key indicators in each grant's structure, holding both grantees and incentive managers accountable to performance. User KPIs will benefit from in-depth analyst guidance, including user segmentation, profiling, advanced targeting, and sybil-resistance (where necessary). Alternative KPIs can include number of transactions, mints, strategic asset volumes, bridging volume, etc., all depending on a chain's specific business needs and objectives.

Program Economics

Beyond its technical advantages, the Orbit Stimulus Program also features a built-in attribution that streamlines and powers a compensation structure to align each program stakeholder within the program itself. This allows earning opportunities for Incentive Managers, user frontends (through referrals), and further protocol development.

Incentive Managers

The program's success heavily relies on incentive managers, responsible for crafting and implementing strategies for Orbit grantees. To attract and compensate these managers, the program leverages Boost Protocol's fee structures, allocating one-third of all protocol claim fees and 5% of all rewards to the managers (see fee structure below). This approach not only aligns the interests of the program and the incentive managers but also makes the role appealing to analysts and third parties, fostering competition for these positions.

Frontend Clients

Boost Studios will collaborate with the Arbitrum DAO to develop and launch an Arbitrum Inbox front-end, serving as a central point for user engagement. This platform will not only facilitate user discovery but also generate revenue through Boost Protocols' fee mechanisms. By leveraging Boost Protocol's attribution feature, frontend clients can access one-third of protocol claim fees and 2.5% of all rewards generated. This revenue-generation capability extends to the DAO and third-party frontend clients, including grantees, motivating them to integrate with the platform. This integration fosters a competitive environment among frontends, wallets, and dApps, all aiming to attract users to Orbit chain incentives.

Protocol Maintenance and Growth

Funds are directed to the [Boost Guild](#), a group of Boost community members, to encourage innovation and activity on the Boost Protocol. This investment acknowledges their contributions and aims to spur further network engagement, aligning with the protocol's growth and dynamism. The Boost Guild receives one-third of protocol claim fees and 1% of all rewards generated.

The Fee Structure

The complete fee structure derives from two fees: A Protocol Fee (paid by the funder of a Boost) and a Claim Fee (paid by users claiming a Boost reward).

- Protocol Claim Fee: 0.000075 ETH
- Incentive Managers: 0.000025 ETH
- User Frontends: 0.000025 ETH
- [Boost Guild](#): 0.000025 ETH

- Incentive Managers: 0.000025 ETH
- User Frontends: 0.000025 ETH
- [Boost Guild](#): 0.000025 ETH
- Program Expenses: 8.5%
- Incentive Managers: 5%.
- User Frontends: 2.5%.
- [Boost Guild](#): 1%.
- Incentive Managers: 5%.
- User Frontends: 2.5%.
- [Boost Guild](#): 1%.

Stakeholder Revenue

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*Fees vary depending on users interacting w/ Affiliate Frontends. The full version of this spreadsheet model can be found [here](#). To learn more about Issuer and Affiliate Fees explore the calculator [here](#).

What is the Boost Guild?

The Boost Guild is a group of community stakeholders who have proven their merit onchain through contributions. Their goal is to create new initiatives on the Boost Protocol that incentivize further onchain actions and drive more network activity.

Budget And Deliverables

Incentives Budget: 6,000,000 ARB

- Up to 1,000,000 ARB per Orbit Chain
- 5,490,000 ARB to Users
- 300,000 ARB to Incentives Managers
- 150,000 ARB to Distribution Frontends
- 60,000 ARB to Boost Guild
- 5,490,000 ARB to Users
- 300,000 ARB to Incentives Managers
- 150,000 ARB to Distribution Frontends
- 60,000 ARB to Boost Guild

Infrastructure Budget: 3,000,000 ARB

- Up to 500,000 ARB per Orbit Chain
- 200,000 ARB for RPC Provider (Quicknode)
- 200,000 ARB for Data Provider (Flipside)
- 100,000 ARB for Governance/Integrations (Llama/Boost Studios)
- 200,000 ARB for RPC Provider (Quicknode)

- 200,000 ARB for Data Provider (Flipside)
- 100,000 ARB for Governance/Integrations (Llama/Boost Studios)

RPC Deliverable:

- N/A to be filled by Quicknode (depending on availability/cost)

Data Provider Deliverable (per chain):

- N/A to be filled by Flipside, Goldsky, Dune (depending on availability/cost)

Boost Studios Deliverable:

- Up to 10 BoostSDK Plugins
- Integration on Boost Manager
- Action Type Development (where necessary)

Outstanding Questions

Who are the Data and RPC Providers?

This is the largest outstanding question of the proposal, and the Boost Studios team is actively working with multiple providers to get a cost-estimate for best matches. Given the program requires deployment on multiple chains, we are open to having Orbit Chains select their provider, but also understand that price points in interest in supporting one-off chains can vary significantly.

Who are the Incentives Managers?

Boost Studios has conducted interviews with a number of service providers, analysts, and experts in user segmentation, incentives optimization, and onchain data and has found that many analysts are interested in the prospect of earning beyond just analysis.

Application details still must be confirmed and provided. Some a few analysts we have briefly discussed the proposal with include:

- Sealaunch
- Slice
- Castle Capital
- Ouroborous Research
- And more...

What is the dynamic between Orbit Chains and Incentive Managers?

Currently, Orbit Chains will work with Incentive Managers to design and execute incentives strategies on an iterative basis. Depending on the data provider and preferred structure, this iterative workflow can be expanded, improved and adapted between now and the proposal's final form.

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Disclosure Statement

This post and the proposal it contains are published for discussion purposes only, on behalf of Boost Studios. It aims to solicit feedback on the proposed direct-to-contract incentives on Arbitrum, introducing preliminary ideas and strategies intended for community collaboration and input. Boost Studios expressly disclaims any liability for errors, omissions, or inaccuracies in the information provided and reserves the right to update or alter the content at any time without notice.

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