

# Partnership Proposal to Arbitrum DAO:

Development of Protocol Specific NFTfi applications and Marketplace on Arbitrum.

## Summary

NFTs on Layer2 Ethereum present the single largest potential growing web3 protocols as of Spring 2023 - Arbitrum in particular has the largest opportunity to capture new and existing users due to its strength in DeFi. The timing of emerging L2 scaling solutions, global awareness of crypto, and the ability to create frictionless UX has brought us to a pivotal moment in time for all of web3: the mass adoption moment. To a large extent, crypto has actually struggled both quantitatively in growth as measured by total market capitalization and also in the public image of potential new users. The reasons for this are myriad, but we are of the belief it comes down to 2 primary items: lack of education and cost. NFTs present the most compelling opportunity to be on the forefront to solving this, and being one of the leaders in the new wave of onboarding new users to web3 - via NFT Finance or NFTfi.

## Abstract

We propose a partnership with the Arbitrum DAO to make productive use of ARB tokens via a partnership with NFTEarth to build NFTfi specific solutions for the Arbitrum ecosystem at large, further develop a Layer2 NFT marketplace with enhanced functionality on Arbitrum for uses in reputation and credentialing across the entire Arbitrum network, and formalize the Engage2Earn model to on-board significant new users to Arbitrum. NFTs first gained widespread popularity in the realm of digital art - this is likely to remain a major component - also likely to remain on Ethereum Mainnet. What many have not yet grasped is just how far and wide the potential application use-case is for app-specific NFTs and NFTfi - when combining things like L2 scaling solutions such as Arbitrum, and teams dedicated to building NFT-specific solutions such as NFTEarth. Without going into it too far here, it's important to highlight just how vast the potential really is: in entertainment, Layer2 NFTs enable the ability for musicians to create music NFTs, allowing for the streaming of music and completely disrupting industries and established businesses at the scale of Spotify, Apple Music, and Amazon Music. In healthcare, biometric data such as information captured by a smartwatch, can be used by health insurance companies to analyze and build machine learning models that accurately determine correlation to chronic health conditions - and intervene early - both reducing the cost of care/creating health for millions of people worldwide. These two high level examples are just 2 of 100 more fascinating, highly creative, and large markets that NFT technology possesses the capability to disrupt.

## Motivation

Arbitrum made the decision to focus largely on DeFi as other L2s sprung up, and with the token launch recently, this has proven to have positioned Arbitrum in the strongest spot of all L2 networks as of this moment in time. With this in mind, as zk rollups proliferate, the competition will be fierce to retain and grow new users, and by leaning into the success already attained in DeFi, and building from that base to create NFTfi solutions, Arbitrum stands to benefit significantly from the wave of new users coming to web3 in 2023. New users who stay on Arbitrum are of critical importance as zk rollups take center stage. It will continue to be a competitive challenge to on-board and retain new users, but especially without continuous innovation in the L2 space. This is where the rise of NFTfi presents a unique opportunity to the Arbitrum DAO. The narrative, and growth, of NFT finance (or NFTfi) is something that is expected to continue for the next several years, with 2023 being the biggest breakout of this trend. There will be some protocols that are able to move quickly and capture significant value and long-term users from doing so. It would benefit Arbitrum to have unique NFTs tied to user actions, used as a way to reward behaviors that encourage long-term protocol development, and align the interest of all stakeholders even further. Becoming a leader in this new NFTfi space presents a fantastic way for Arbitrum to explore new and exciting opportunities made available by scaling solutions and widespread awareness of lower cost solutions to engaging in web3. This proposal, though broad in scope, aims to narrow it to a focus on NFTfi and deliverables in relation to this and how Arbitrum would be able to directly use these deliverables to benefit the Arbitrum DAO and the entire Arbitrum ecosystem - creating a strong positive flywheel of incentives for builders to come to Arbitrum. Adding this initiative would be an excellent use of some of the ARB tokens - creating both expanded use cases of Arbitrum's already existing L2 powerful tech stack and functionality, and an additional partnership with new teams building in the rapidly growing NFT space.

## Specification - Overview and Rationale

This partnership will enable new and novel use cases of DeFi for the Arbitrum DAO opening the protocol up to an entirely new segment of users in the market, and create large potential synergies for the DAO. For some good context on NFTfi, check out this blog post by [ChainLink](#) and then also review this One as well, which goes further into NFTfi application potential - [ChainLink](#) blog post. The total tokens proposed is 500,000 ARB.

An NFTfi solution is hard to conceptualize, let alone deliver. Partnering with a team that has had a laser focus on the space simply makes good business sense for the benefit of Arbitrum stakeholders. There are a couple components to be established via this partnership - first the NFTfi use cases that are specific to Arbitrum - ie; how a user will be incentivized to join the Arbitrum ecosystem by leveraging reputation based NFTs and credentials, and how using NFTs will foster greater adoption of this across the DAO. Additionally, the L2 marketplace that NFTEarth has built would be enhanced to a more

refined and higher functional state leveraging the Nitro stack to its fullest potential. The team has additionally developed a new concept that we are seeing play out in real-time with Ghost protocol with astounding success, however we propose a different approach called Engage2Earn - as part of our goal to be a thought leader in NFTfi - we've developed a new model called Engage2Earn - where users are incentivized and rewarded for engaging with the protocol specific goals, and we are able to do this - and create dynamic and static experiences using NFTs. The potential for engagement - and growth of new users - is a large potential area to gain new awareness, thus users, and ultimately TVL.

Partnering with a team that has gone to the far ends of cloud infra providers, NFT developers and protocols, and done research into nearly all the pain points experienced by the current landscape of NFTs presents - this all is a huge advantage for Arbitrum to partner with because there is no need to go and learn these things again, this insight can be passed directly for the benefit of the DAO and the mutual benefit of both parties as well as the Arbitrum and entire Ethereum ecosystem at large...a win-win-win.

Some highlights: The team proceeded to launch a multi-chain token deployment, and has an active partnership with Multichain Protocol for cross chain bridging, and has nearly 2,500 unique addresses holding the token across the 4 networks it is live on. At the peak of the first airdrop campaign, the application metrics from Cloudflare were equivalent to teams in the 500-1,000 team members category, which got the attention of Cloudflare to reach out to us to discuss our business goals and objectives, as well as potential collaborations together. The team was also selected as one of the Google Cloud for Startups recipients, earning \$200,000 in Cloud Credits to be used over the next 2 years for infrastructure costs using GCP. We fully migrated to GCP from AWS last month, GCP just announced this week a massive partnership with Polygon Labs into supporting web3 startups - we think this serves as a solid demonstration of our know-how by already having landed there; choosing GCP prior to this news even being known. We learned through trial and error with all the infrastructure providers available how to build a truly globally performant application and what it will take.

A large community and social following: 10,000+ Discord community members and almost 20,000 followers on Twitter. Nearly 3,000 users engaged in the airdrop 2 leaderboard campaign - as it was beginning. We expect this number to be much higher when ready to relaunch. The long-term vision is to grow into a suite of different product lines related to NFTs, across verticals and applications, but instead of taking on OpenSea head-on, slowly, methodically, and using data-driven analysis of results, introduce new revenue stream after new revenue stream. Marketplace fees, memberships, NFT collections, DAO partnerships, token potential value capture, all combined add up to a tremendous opportunity for the earliest movers.

Looking forward to hearing the DAOs thoughts on this!

Cheers,

Weston and the NFTEarth team.

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## Poll

For

Establish partnership and NFTfi solutions

- For
- Against

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voters