

Project name:

PoolTogether

Author name and contact info:

Leighton Cusack // PoolTogether Inc (@lay2000lbs  
on Telegram)

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

Yes

L2 recipient address:

0xfB0dADb835fAdE151aBf6780BeAfB12FC5BA0e1F

Which Voting Cycle are you applying for?

: Cycle 8

Grant category:

Governance Fund Phase 1

Is this proposal applicable to a specific committee?

DeFi Committee Group [A](#) or [C](#)

### **Project description (please explain how your project works):**

PoolTogether is a global savings account with super powers. It's a DeFi protocol enabling anyone to deposit and save funds while having the chance to win thousands of dollars in prizes every day. Even if they don't win, they keep all their money and can withdraw at any time.

This is possible because prizes are made up of the interest that accrues on all deposited funds. Users deposit into the network, yield accrues on all deposits, and that yield is randomly awarded as prizes.

The protocol was built by PoolTogether Inc and is now controlled by the community of POOL token holders.

### **Project links:**

- Website: <https://pooltogether.com>
- Twitter: <https://twitter.com/PoolTogether>
- Discord/Discourse/Community: [Discord](#), [Governance Forum](#)
- Please include all other relevant links below:
- [App](#)
- [User Documentation](#)
- [Developer Documentation](#)
- [Github](#)
- [Smart Contract List](#)
- [Tools](#)
- [Pool Explorer](#) (Community-built)
- [App](#)
- [User Documentation](#)
- [Developer Documentation](#)
- [Github](#)

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### **Additional team member info (please link):**

The protocol was originally developed by PoolTogether Inc. The co-founders of that company are listed below:

- [Leighton Cusack](#)
- [Brendan Asselstine](#)
- [Chuck Bergeron](#)

As of today, there are many other contributors to the protocol too numerous to list. Importantly, since the protocol is non-custodial and decentralized, no company or contributors (or even POOL token holders) have any control over user deposits.

### **Please link to any previous projects the team has meaningfully contributed to:**

Primary contributions of the team listed above have been to the The PoolTogether protocol. The protocol is one of the first and most widely used DeFi applications since 2019.

### **Relevant usage metrics (TVL, transactions, volume, unique addresses, etc. Optimism metrics preferred; please link to public sources such as Dune Analytics, etc.):**

Optimism Metrics

- [\\$35,535,642 TVL](#)
- [19,000+ current unique depositors](#)
- [1,200+ current unique prize winners](#)

Relevant Dashboards:

- [OP DeFi Activity](#) (Dune)
- [PoolTogether Optimism Analysis](#) (Dune)
- [PoolTogether Weekly Stats](#) (Dune)
- [PoolStats.xyz](#) (Community-built)
- [Optimism Usage Statistics](#) (Orbiter.Finance)

### **Competitors, peers, or similar projects (please link):**

PoolTogether has no direct competitor or similar projects. You could consider Aave to be a similar project but using Aave directly does not offer the return variance of PoolTogether.

### **Is/will this project be open sourced?**

Yes, PoolTogether is open source. You can find all code on [Github](#).

### **Optimism native?**

No, the PoolTogether protocol is Ethereum native. However, 77% of all deposits and the majority of all depositors are on Optimism.

Additionally, all major marketing efforts are centered around growing PoolTogether on, and onboarding users to, the Optimism network. The PoolTogether community is fully value-aligned and [dedicated to Optimism's cause](#).

### **Date of deployment/expected deployment on Optimism:**

July 8th, 2022

### **Ecosystem Value Proposition:**

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

The Optimism ecosystem needs a simple, secure, and compelling on-ramp. That on-ramp is PoolTogether. PoolTogether is a proven protocol that is fun and financially healthy to use. It's [been recognized by leaders in the Ethereum community](#). Decentralized Finance can be complicated and inaccessible; PoolTogether opens the doors.

After learning through PoolTogether, users can more confidently experience other DeFi protocols in the Optimism ecosystem.

## How does your proposal offer a value proposition solving the above problem?

PoolTogether is the best way to onramp users into the Optimism ecosystem. The protocol applies to beginners as well as to experienced users and provides a secure and accessible entry point to Decentralized Finance.

It is one of the few protocols live on the Optimism network that allows for returns without the risk of impermanent loss, the use of derivatives, or pooling funds exposed to bridge risk.

As a prize savings protocol, PoolTogether is ultimately designed to be a public good. It's a global savings account run by its users. It's a financial instrument [that's proven](#) to direct money away from wealth-destroying mechanisms and help people become financially healthy.

## Why will this solution be a source of growth for the Optimism ecosystem?

PoolTogether has already proven to be one of the most popular apps on Optimism. Currently there are over 18,000 unique depositors and the protocol is [#7 for total TVL on Optimism](#). Since PoolTogether is built on external yield sources, PoolTogether's growth directly contributes to AAVE's TVL on Optimism as well as improved liquidity for borrowers.

The protocol is aligned with Optimism's public goods vision and is uniquely positioned to grow the ecosystem in a sustainable way.

Prize Savings is a global industry with >\$100 billion deposited in TradFi products. Prize Savings is also a concept that works a lot better on the blockchain than it does in the fiat world. PoolTogether will be the first breakout consumer DeFi application.

## Has your project previously applied for an OP grant?

PoolTogether Inc has previously requested and received 450,000 \$OP tokens through the Foundation Partner Fund to be distributed as user incentives for using the PoolTogether protocol. These OP tokens were effectively used to grow PoolTogether to [\\$35 million in deposits and 18,000 unique active depositors](#). This makes PoolTogether one of the most popular apps on Optimism. Additionally, Optimism has become the main network PoolTogether is used on, with [over 70% of all network deposits being on Optimism](#).

The initial 450,000 \$OP distribution happened in three phases, while the third phase is still ongoing until November 15th. You can find [a detailed grant update here](#).

Notably, PoolTogether has exceeded the success benchmarks of Foundation grant which was \$25 million in deposits and 10,000+ unique depositors.

## Number of OP tokens requested:

550,000 \$OP

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

The initial allocation outlined above of 450,000 \$OP was received via the foundation partner fund.

## If OP tokens were requested from the Foundation Partner Fund, what was the amount?:

450,000 \$OP

## How much will your project match in co-incentives? (not required but recommended, when applicable):

The PoolTogether protocol continues to provide co-incentives in the form of additional USDC that is being distributed as prizes above the yield that is generated. In other words, assuming \$1,000 in USDC yield is generated on deposits, \$1,500 will be distributed as prizes, with the additional USDC coming from the PoolTogether protocol treasury.

The amount of subsidy is variable depending on POOL governance but historically has amounted to \$500 - \$2,000 per day in additional subsidy.

In addition, the PoolTogether Grants Team is actively looking to fund grants from team and community members who are expanding PoolTogether on Optimism

## **Proposal for token distribution:**

### **How will the OP tokens be distributed?**

- 70% will be distributed directly to PoolTogether depositors on Optimism over 19 weeks
- 20% will be reserved for teams/projects that build new PoolTogether UIs that leverage core features of the protocol on Optimism
- 10% will be distributed to projects that directly integrate PoolTogether on Optimism

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

380,000 of the user rewards will be distributed over a period of 19 weeks at the rate of 20,000 tokens per week to all Optimism depositors. This represents a 28% reduction in the current \$OP distribution rate. The goal of this step is to keep incentivizing the growth momentum on Optimism while tapering off special incentives. 19 additional weeks will reach until March 28th 2023 when distribution can be re-evaluated.

The remaining 170,000 \$OP tokens will be used for building on Optimism in two primary ways. The first is to encourage builders to create Optimism specific on-boarding tools and websites to the protocol. The second is to fund yield source integrations with other Optimism yield sources.

All of these things ensure Optimism will continue to grow and be the primary interaction point of the PoolTogether protocol.

**Please list the milestones/KPIs you expect to achieve for each initiative, considering how each relates to incentivizing sustainable usage and liquidity on Optimism. Please keep in mind that progress towards these milestones/KPIs should be trackable.**

All KPIs outlined in our first grant have been exceeded. We aim to again exceed these and drive more growth to Optimism.

The grant will be a success if

- PoolTogether on Optimism grows current TVL from \$35 million to \$40 million while reducing \$OP incentives by ~30%
- Total unique depositors grow to  $\geq 30,000$
- Optimism remains PoolTogether's prize pool with the highest TVL
- At least 1 alternative user interface is in production
- At least 1 yield source integrates with the protocol

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

PoolTogether remains the front door to DeFi on Optimism. Thus far, PoolTogether usage on Optimism has shown to be broad based and sticky. Even without the \$OP incentives, Optimism depositors will still be enjoying the prizes!

As PoolTogether grows, it gets better. When PoolTogether reaches \$200 million in TVL the weekly prizes will be over \$100K.

The more deposited into PoolTogether, the more attractive PoolTogether becomes. The protocol is designed to create a reinforcing growth loop.