Introduction - Gaming Catalyst Program

Arbitrum has emerged as a leader in the competitive network race through a dynamic formula of innovation, robust technology, organic builders, and a variety of short and long-term incentives.

The proliferation of DeFi on Arbitrum showcases how quickly a snowball effect can onboard builders, users, and ultimately value for the Arbitrum DAO and other stakeholders (i.e. Offchain Labs, Ethereum, etc.).

This dynamic has not occurred within the web3 gaming vertical, but we believe that the same opportunity exists to attract the best builders that will in turn create sticky, quality games that bring and retain new users within Arbitrum.

The Gaming Catalyst Program (GCP) is a model to rapidly accelerate Arbitrum's support for game builders and also strategically allocate resources towards vetted experts to accelerate the onboarding and go-to-market of the best builders in the gaming industry.

GCP Hypothesis

Arbitrum has had immense success in the decentralized finance vertical, but the branding of Arbitrum as a home for gamers and game builders is nascent. As a network, Arbitrum falls behind several major competitors across total games migrated, games launched, and total gamers.

[This educational post](#) shares some of the pain points and metrics within the gaming ecosystem in regards to Arbitrum.

With the Gaming Catalyst Program, we believe that earmarking an aggressive budget to attract builders and retain talent will result in a few major wins:

Rapid Acceleration for Game Builders:

The GCP aims to provide support and resources to game developers interested in building on the Arbitrum network. This includes access to funding, mentorship, and other forms of assistance to expedite the development process.

Strategic Allocation of Resources:

By allocating resources strategically, the program can maximize its impact by focusing on vetted experts and promising projects within the gaming industry. This ensures that resources are used efficiently and effectively to foster the growth of high-quality games on Arbitrum.

Attracting Top Talent:

Just as DeFi projects have flocked to Arbitrum due to its innovative technology and incentives, the GCP aims to attract the best game builders in the industry. By offering support and incentives, Arbitrum can position itself as an attractive platform for game development, potentially leading to a surge in high-quality gaming experiences on the network.

Creating Sticky, Quality Games:

The ultimate goal of the GCP is to encourage the development of sticky, high-quality games that not only attract users but also retain them over the long term. A dedicated Venture Team and expert Council will serve as quality control mechanisms to make sure the best applicants receive the full support of the GCP.

Expanding the Use Cases of Arbitrum:

While DeFi has been a major focus of Arbitrum's success so far, expanding into the gaming vertical opens up new opportunities and use cases for the network. By supporting game development, Arbitrum can diversify its ecosystem and appeal to a broader range of users and developers, with results that include but are not limited to Orbit chain and Stylus adoption.

Proposal Summary

We are asking the DAO to earmark 200m ARB over a two year period to bolster the gaming ecosystem on Arbitrum and establish the network as the top choice for game builders across the landscape.

The GCP is meant to serve as a catalyst, not a comprehensive program, with a focus around onboarding and supporting high quality builders.

After the roll out of the GCP, the aim is to mature into a longer-term gaming program with a more comprehensive approach to game ecosystem growth.

Strategically, we believe that attracting, retaining, and supporting builders will be a key differentiating factor vs other

competitive networks, and will lead to the highest probability of quality game launches that will in turn attract large numbers of engaged gamers.

Part of the fund will be utilized to co-invest into promising studios and games along with approved, Arbitrum-aligned publishers, with the belief that the business model, industry expertise, and track record of publishers will streamline the outreach, vetting, negotiation, onboarding, and support process for builders. The fund will also be available for all other game builders seeking to create games on Arbitrum.

Publishers and developers will be subject to a robust set of checks and balances to ensure alignment with this proposal's goals and Arbitrum DAO's values:

- To participate in the GCP, publishers must be whitelisted and approved by the Council

- A GCP Council of 5 individuals with deep gaming or / and venture experience will be elected by the DAO and will be responsible for holding the Catalyst Venture Team accountable - with powers including general oversight, hiring / firing of staff (think of them as a board)

- A quarterly transparency report will be created with summary data on GCP performance

- A venture team will be created under a Foundation subsidiary, and overseen by the GCP Council to facilitate deal structuring, due diligence, fund disbursement, etc

- Venture Lead / GM

- Project Manager / Ops Lead

- Analysts

- Legal / Compliance

- Other Admin / Ops

- BD / Marketing

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Expected Outcomes and KPIs

The Gaming Catalyst program has an overarching goal to bring in talented builders, and help the builders accelerate their games through the lifecycle stages.

We are hosting a series of open office hours to help connect the dots between gaming industry standards and the best practices / outcomes that we aim to achieve with this program.

The highest level metric we will be tracking is studio / builder onboarding into the Arbitrum ecosystem. However, there will be a variance in the realized outcome due to publisher applications, types of builders targeted, and variables from network competition.

Primary expected outcome:

Within the initial time frame of the program, establish Arbitrum as a de facto leader for on-chain gaming:

- 200-300 applications

- 20%+ of all web3 games selecting Arbitrum as their network

- Win net migrations to Arbitrum vs other L2s

- 25+ new Orbit launches

An additional outcome that the program aims to achieve is incremental movement through the gaming lifecycles illustrated by the [Helika presentation on 2/2/24](#) during our open office hours.

Initiatives

We are asking the DAO to earmark 200m ARB to develop the gaming ecosystem on Arbitrum and establish the network as the top choice for game builders across the landscape.

The funding will be allocated towards the following initiatives over the span of a one year period:

1. Builder Onboarding & Growth (160m ARB)

2. Publisher grants to accelerate growth of Arbitrum's gaming ecosystem by sourcing / acquiring builders, and scaling publishing support

3. Publishers may become eligible through a council vote (whitelisting process), with council member decisions made public

4. Publishers must match a minimum of 10% of the overall grant ask

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6. Publishers must match a minimum of 10% of the overall grant ask

7. Independent game builder grants for builders that do not have commercial relationships with publishers

8. Infrastructure Bounties (40m ARB)

9. Allocated by RFP or decided by the Council on a per proposal basis for any tooling and infrastructure needed to support gaming within Arbitrum (i.e. account abstraction solutions and gasless transactions for games, payment rails, web and game engine SDKs, data analytics and attribution, etc.)

10. Promote Orbit, Stylus, and other development and infrastructure growth on top of new Arbitrum technology releases

The numbers proposed represent an upper bound of ARB that could be deployed to catalyze gaming on Arbitrum. In the event there is unused ARB at the end of the GCP across any of the three initiatives, funds will be transferred back to the DAO.

A. Builder Onboarding and Growth

Budget: 160m $ARB

Use of Funds: This funding is proposed to be reserved for established publisher ecosystems and independent builders on Arbitrum to help scale the DAO's ability to attract, secure, and accelerate talented teams on Arbitrum.

Thesis / Experiment: We are allocating a large majority of the budget to empower growth of publishers and studios on Arbitrum.

These publishers and studios are the DAO's subject matter experts who have existing gaming know-how and resources to be able to effectively onboard new projects and users to the network. Publisher ecosystems typically have a concentration of multiple games that fall underneath a single umbrella connected by a shared community, unified infrastructure, and a social fabric that can provide games with greater chances of success. Publishers will need to submit a proposal to be whitelisted within the program and to submit individual deals to the Venture Team for consideration.

Funds can also be deployed as grants to builders that do not have active publisher relationships to encourage independent studio and builder growth. Each proposal will be submitted directly for Venture Team review and approval.

Funding Guidelines:

- Publishers will be required to publish a public proposal on the forum based on the Publisher Application Template to be whitelisted as an approved publisher

- Publisher history

- Team backgrounds and composition

- Success stories and portfolio

- Arbitrum contributions

- Plans for Arbitrum network growth

- Once whitelisted, publishers may bring deals forth to the Venture Team for grant consideration

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- (20m ARB earmarked) For grants under 500k, builders / publishers are not required to have a commercial agreement and may approach the Venture Team grants allocator (separate from traditional Venture Team deals) for a faster track to grant funding

- Foundation may be involved here

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- (140m ARB earmarked) For grants over 500k or flagged by the GCP Council, builders or publishers must agree on a commercial agreement value share through tokens, revenue, or other pathways

- Publishers must allocate a minimum of 10% capital contribution to the overall deal

- A waterfall structure will be followed with the following high level breakout (the Venture Team will add necessary details):

- Revenue capture up to the total size of grant will be split more favorably towards the DAO - this is a general rule, but each specific deal may see different percentages and deal structure

- After the initial cost of the grant is covered, revenue share will be split according to agreed upon milestones dependent on time, total revenue, and other unique aspects - on a per deal basis

- A time factor of 1-2 years will be considered based on the type / structure of the deal

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- Publishers will be free to approach any game builder but cannot poach from other Publishers within the Arbitrum Network

- There is no size limit to grant distributions

- More detailed deal structure guidelines will be created by the Venture Team upon its formation

- By the end of the program term, any unused ARB will be returned to the DAO

B. Game Infrastructure Bounties

Budget: 40m $ARB

Use of Funds: This will be allocated by RFP or per proposal for any tooling and infrastructure needed to further support gaming within Arbitrum (i.e. gaming-centric boilerplates for Arbitrum Orbit, game contract libraries built via Stylus, account abstraction and gasless transactions solutions, payment rails for games, web and game engine SDKs (Unity, Unreal, Godot), etc.)

Thesis / Experiment: Web3 gaming is still nascent and there exists key gaps for game builders to build games and bring them to market. By incentivizing development for such infrastructure projects and tools, or accelerating development of Stylus as an Arbitrum native framework, this will help set Arbitrum further ahead in the competitive network landscape.

Current Gaps: A non-exhaustive list of gaps that currently exist within the Arbitrum ecosystem:

- Custom gaming-centric implementations of Orbit chains

- Mobile App Infrastructure with wallet that is optimized for games and asset management (See Ronin Wallet on mobile as an example)

- Web and game engine SDKs (Unity, Unreal, Godot) that allow for in-game contract calls

- Desktop launcher and distribution solutions

- Game analytics, optimization, and related tooling (tying together on-chain, off-chain, social, and player activity)

Funding Guidelines:

- The Council will establish initial RFPs and funding guidelines

- An infrastructure specific rubric will be established by the Council to assess proposals

- Independent proposals that do not fit within RFP guidelines are welcome to apply separately for Council consideration

- By the end of the program term, any unused ARB will be returned to the DAO

Next Steps

- [Done]

Post Open Draft (Shared on 2/15/24, link within Arbitrum Gaming Education Post [Arbitrum and the Future of Web3 Gaming](#))

- [Done]

Post GCP proposal to forum (3/11/24)

- Snapshot vote (3/13/24) for general delegate agreement on GCP commitment, start entity setups, and to receive detailed feedback

- Tally vote / ratification (April 2024)

- GCP Council Elections (April - May 2024)

- GCP Venture Team formation (April - May 2024)

- Grant applications and RFPs open (April - May 2024)

Total Cost

We estimate the total cost to equal 200m $ARB + operations costs detailed below under Program Administration &

Operations.

This is a two year program and forecasted amounts may change / require amendment(s) as the program evolves.

[The current Program Administration & Operations budget is being verified by working group team members and will be adjusted prior to the Tally vote.]

- Total Incentives: 200m ARB

- Builder Onboarding and Growth: 160m ARB

- Infrastructure, Tooling & Stylus Development: 40m ARB

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- Program Administration & Operations - $10m in ARB

- Council Members (5): $25,000 per year ($250k total)

- Initial Legal Structuring: $250k

- General Legal / Compliance: $2m

- Fund Manager / Venture Lead: Up to $2m per year ($200k base + bonuses)

- Analysts (3): $125-$200k per year

- Proposal Authors and Key Collaborators: Retrofunded from administration flex fund, determined by council

- Program Insights and Analysis: TBD

- Multisig Signers (5): TBD

- Flex Spend - Remaining amount earmarked for any additional staffing needs, vendors, ops, retro funding, and research

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