

Fairmint Grant Proposal - Growth Experiments - Cycle 11

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Basic details

- Project name: Fairmint
- Author name and contact info: Thibault Favre

thibault@fairmint.co

- L2 recipient address: [0x926E2d35053e2d9d1CC72C6eDA23F13a33270a76](#)
- Voting Cycle are you applying for: Cycle 11
- I confirm that I have read the landing pages for the [Builders 16](#) and [Growth Experiments 17](#) Sub-Committees and that I have determined my proposal is best suited to be reviewed by the Growth Experiments Sub-Committee: Yes
- I understand that Growth Experiments grants are subject to a “no sale rule,” as explained in [this post 7](#), and I have read the terms of the rule: Yes

Project Details

What are you building?

[Fairmint](#) lets founders give their community skin in the game. Using smart-contracts, Fairmint developed a software stack that empowers founders to passively receive investments from their biggest fans and grant equity to anyone that adds value. All this onchain in a fully disintermediated and compliant way.

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Why do you believe what you are building is going to succeed?

- Better user experience
- . Using Fairmint, founders can raise funds using USDC (on top of traditional fiat investments via ACH or Wire). For investors, it means instant finalization of the investment. For founders, it means that they receive funds immediately.
- Fully disintermediated
- . Using Fairmint, founders can raise funds and grant equity directly from their website instead of using a regulated (read “expensive” and “inflexible”) centralized platform that captures their community and adds lots of regulatory friction.
- Structurally better unit economics
- . Using crypto, Fairmint can offer founders with fully SEC-compliant flows without the need to be regulated as we are not in the flow of funds (no money transmission) nor do we act as a custodian (investors self-custody) or broker-dealer (founders market their own offering on their own website).
- Open and interoperable equity
- . Instead of being stored in a private database, founders’ equity is represented using recognized token standards (ERC20 and soon ERC1155) and recorded on decentralized open public ledgers (Optimism).

How many users does your project have currently?

To this date, Fairmint has already gathered a network of 12,000+ investors on-chain who collectively invested and earned more than \$20M of on-chain equity. It's very easy for us to count the number of investors as Fairmint is not a permissionless platform: investors need to sign up and KYC if they want to invest.

How will receiving a grant enable you to further the mission of maximizing the number of users interacting with Optimism?

This grant aims to expose and onboard as many founders and investors as possible in the Optimism ecosystem by rewarding them with 50 \$OP on the condition that they create and/or connect their own wallet after an investment.

Indeed, as of today, when a user signs up to a community portal powered by Fairmint, they automatically receive a self-custodial wallet on Optimism (using Magic.link) and after investing, they receive their equity tokens on Optimism in their magic wallet. That means every new investor that invests through a Fairmint portal becomes a new Optimism user and has their equity investment represented by tokens on the Optimism chain.

It's already great, but we want to go further than that: This grant aims to ask the investor to create then and/or connect his crypto wallet (not the magic wallet provided by Fairmint) to become an Optimism citizen truly. Upon the connection of their crypto wallet, users who successfully invested a minimum of \$500 would be awarded 50 \$OP. Likewise, the company that received the investments would be awarded 50 \$OP for each of the first 10 investments they receive (so 500 \$OP maximum). The \$OP award would not be automatic: users would have to go through a nice educative flow about Optimism to claim their \$OP tokens to ensure that they learn and understand what Optimism is about and what they can do on it.

We believe that doing so is a great and high-quality way to onboard high-value users like startup investors and founders to the Optimism ecosystem.

Tell us about the users you plan to target with this grant. Include any defining characteristics that will help you identify and target them:

Fairmint can be used by founders and investors from all over the world, the only legal constraint that Fairmint has is that we can only serve founders who have their company incorporated as a US C Corporation.

Fairmint is particularly attractive to founders who genuinely want to align their community to their financial success. We noticed a particular interest in founders of SaaS companies, Direct-To-Consumer companies, and marketplaces.

To maximize impact and prevent abuse, only users who invest a minimum of \$500 can claim 50 \$OP tokens. Given that Fairmint issues real equity (i.e. securities), users are required to KYC, making farming \$OP tokens impossible. Likewise, only founders who receive real investments (\$500 minimum) from real (KYCed) investors will be allowed to claim 50 \$OP tokens per investment, with a limit of 10 investments maximum.

How would these users interact with Optimism? For how long?

First off, these users will have their equity recorded on Optimism so, de facto, they will be tied to Optimism until the company sells or until they make a secondary sale (which would most likely happen on Optimism too). Likewise, for founders, as soon as they start recording their equity on Optimism, they will continue doing so until they sell their company, so you can expect a very long lifetime for those users.

The next question is whether they will interact with other protocols from the Optimism ecosystem. As we tie the reward of the \$OP token with the creation / connection of a personal wallet, it significantly increases the likelihood of the user interacting with more protocols on Optimism, especially if presented with compelling use cases (NFT, lending, yield...) at the time of the claim.

Provide us with links to any of the following for the project:

- Demo:
- <https://invest.creative-robots.ai/> (smart-contract)
- <https://community.bloomnetwork.earth/> (smart-contract)
- <https://invest.buildcities.network/> (smart-contract)
- <https://invest.fairmint.co> (smart-contract)
- <https://invest.hospitable.com/> (smart-contract)
- <https://invest.creative-robots.ai/> (smart-contract)

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- <https://invest.buildcities.network/> (smart-contract)
- <https://invest.fairmint.co> (smart-contract)
- <https://invest.hospitable.com/> (smart-contract)
- Website: <https://fairmint.co>
- Twitter: <https://twitter.com/fairmintCo>
- Discord/Discourse/Community: [Telegram: Contact @fairmint](#)
- Github: [Fairmint · GitHub](#)
- Technical/Economic Documentation: N.A.
- Other:
- Our blog: <https://blog.fairmint.co>
- We won 1st place on product hunt when we launched last November [Fairmint - Equity of the Future - Product Information, Latest Updates, and Reviews 2023 | Product Hunt](#) (making us the first Optimism-native project to land #1

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Do you have any metrics on the project currently?

Fairmint initially launched on Ethereum in Feb 2020, and we only switched to Optimism recently (last November), so Optimism metrics are still early. Still, 12 customers live on Optimism since November that issued ~\$500K worth of tokens.

Who are your competitors, and are they on Optimism?:

In our competitive landscape, we find companies like Angel List, Republic, Carta... none on Optimism.

Please link to code audits (if any):

We did a [large audit](#) of the very first iteration of our smart contract (not in use anymore) but after that, we relied on regular internal code reviews instead of formal audit when we updated our smart-contracts. Our contracts being upgradable and having no value locked on-chain, there are few to no risks of losing funds.

Team

Who are your founders?

- [Thibault Favre](#) (twitter, website)
- [Joris Delanoue](#) (twitter)

What makes your team well-suited to carry out the project described in this proposal?

We are both repeat entrepreneurs. Fairmint is not our first project or company. Thibault is a software engineer by trade with a large and diverse experience in software development, while Joris has extensive business and operational experience. We started Fairmint in 2019, initially funded by Boost VC and IDEO Ventures, before eating our own dog food and raising from our community on <https://invest.fairmint.co>

Today Fairmint is a very diverse team of 15 persons located all around the world.

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Is this your first Web3 project?

No

If not, what else have you built?

Before starting Fairmint, we wrote the [Continuous Organization whitepaper](#) (summarized [here](#)) and started working on it at ETH San Francisco 2018. The final [fully specified](#) smart contracts are [open-source](#), code [audited by Consensys Diligence](#) and economically audited by Blockscience. We also released the [javascript library](#) to interact with the contract. The dxDAO project successfully used our contract to [raise over 5000 ETH \(at the time\)](#).

Grant Request

What is the size of the grant request?

250,000 \$OP

How do you justify the size of the grant?

If we grant 50 \$OP per eligible investor and up to 500 \$OP per eligible founder. If we take a simplified but realistic estimation, suppose that 1 founder secures 10 investors. It means 1000 \$OP (50x10 investors + 50x10 for the founder) onboards 10 investors + 1 founder.

250,000 \$OP represents the potential to onboard 2,500 to 5,000 qualified investors (angels in startups that invested at least \$500) and up to 250 founders of fundraising-worthy companies. Based on these hypotheses, the acquisition cost of a qualified investor sits between 50 to 100 \$OP, while the acquisition cost for a qualified founder sits between 50 to 500 \$OP.

As it is an experiment, we will test things, and based on the results, we might have to adapt the rewards to maximize the efficiency of the experiment. This will be reported in complete transparency in our public reporting.

Roadmap and Distribution Plan

How will the OP tokens be distributed?

- 50 \$OP tokens will be awarded to unique investors who (a) successfully invested \$500 in a company using Fairmint's smart contracts on Optimism, (b) create and connect their crypto wallet, and (c) go through a claim process that exposes the Optimism ecosystem.
- 50 \$OP tokens will be awarded to founders for each successful investment (with a maximum limit of 500 \$OP tokens per company) of a minimum \$500 that they receive and was executed using Fairmint's smart contracts on Optimism. Like investors, founders must (a) create and connect their company's crypto wallet and (b) go through a claim process that exposes the Optimism ecosystem.

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

We expect to distribute the tokens continuously, as investors invest using founders' portals. It is hard to predict in advance the pace at which investors will be investing, but we expect the full grant to be distributed in roughly 6 to 9 months once the experiment goes live. In any case, we expect the tokens to be fully distributed by the end of 2023.

Please provide milestones for this project.

Fairmint is already live and operational on Optimism today, so the risk of execution is greatly minimized. The main tasks left to do are directly related to this grant proposal. Fairmint usually does 2 releases per month. The work on the grant will start at the next release after the reception of the grant approval. Let's call this time T, the effective work start date. Due to our release schedule, T cannot be more than 15 days after receiving the grant approval.

Critical milestones

- T + 30 days "wallet connection

". Personal wallet connection support inside Fairmint app. For the experiment to go live, we must add the ability to create and connect your crypto wallet inside Fairmint's portal. Given the permissioned nature of Fairmint's business (we're issuing

crypto securities), connecting personal wallets requires some work to ensure proper compliance with securities laws. * Verification / source of truth

: a community member connects to invest.fairmint.co and can connect his wallet.

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- T+ 45 days “campaign launch

”. Broad communication (ideally joint) about the launch of the campaign: Fairmint website, Fairmint app, Email + Newsletter campaigns, Blog posts, Tweetstorms, LinkedIn posts. Once the experiment is live and until it stops, we will communicate regularly and promote extensively the experiment to onboard qualitative founders who will be able to secure investments from qualitative investors from their portal. * Verification / source of truth

: we’ll send links to the online communication efforts we’ve done in our report.

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- T+ 60 days “OP token claim opening

”. Open the claim process for investors and founders. Side note: The OP claim flow developed for the initial OP token claim was great: it was very educational and perfect for newcomers to enter the Optimism ecosystem. Even though we could develop a new flow from scratch, it would be 10x better if you could reuse the claim process you had implemented. It was very high quality. If we cannot reuse the claim module you developed, we’ll develop and design it with reusability in mind for other projects to reuse and improve. * Verification / source of truth

: You should see on-chain the first tokens being claimed by investors and founders.

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Benchmark milestones

By experience, founders always take some time to raise between the moment they start fundraising and their fundraising takes off. Sometimes, it is fast, but most of the time, it takes a few weeks (and sometimes even months) before their offering takes off. Hopefully, with the incentive provided by this grant, it could be faster than what we’ve observed organically so far (In that sense, too, it is an interesting experiment). This is why we expect the OP claims to start pretty slowly at the beginning but then start climbing rapidly as the weeks go by and more and more funds are raised by the customers on-boarded during the campaign.

- T+3 months. 100 qualified investors on-boarded + 10 founders.
- T+4 months. 150 qualified investors on-boarded + 20 founders.
- T+5 months. 300 qualified investors on-boarded + 30 founders.
- T+6 months. 600 qualified investors on-boarded + 40 founders.
- T+7 months. 1,200 qualified investors on-boarded + 60 founders.
- T+8 months. 2,400 qualified investors on-boarded + 80 founders.
- T+9 months. 3,000 qualified investors on-boarded + 100 founders.

Source of truth / verification

: we’ll provide you with the smart-contract addresses of the founders’ tokens that will allow you to verify the numbers we provide in our reports.

If the OP tokens are for direct distribution to users, why will incentivized users and liquidity on Optimism remain after incentives dry up?

There is obviously no guarantee because it’s an experiment but in the short term, we’re confident that if users newly on-boarded to web3 start using Optimism as their first chain and have a nice experience, the likelihood of them getting accustomed and staying on Optimism is high.

In the long term, the characteristic distinction that Fairmint provides is that we onboard KYCed wallets (we have an on-chain

permissionless compliance contract), and we're hopeful that we could create a great network effect that will lead to making Optimism the GoTo chain for KYCed activities, creating a significant competitive advantage for Optimism. Indeed, the more KYCed wallets we onboard to Optimism, the more Optimism becomes attractive to protocols that require KYC, the more KYC wallets are created on Optimism etc...

Please provide any additional information that will facilitate accountability (smart contract addresses relevant to the proposal, relevant organizational wallet addresses, etc.):

We will post at least once a month on the governance forum to give an update on the growth experiment with a list of the recipients' addresses and their investment transaction hash which made them and the founder eligible to the \$OP award.

The amount of \$OP tokens left to distribute will always be available on our Optimism safe [Safe – Dashboard](#)

Optimism Relationship

Does your project solve a problem for the Optimism ecosystem? If so how?:

Our project fits very well with the RFP "Web2 businesses bridging to Web3" and, to a lesser degree, "education". We aim to make Optimism the most attractive chain for crypto securities. Fairmint's smart-contract, especially our compliance smart-contract is specifically architected to allow composability with other projects who would require restricting interaction to whitelisting / KYCed wallets only, with the ability to leverage Fairmint's own pool of KYCed wallets. Our goal here is really to create a positive sum game where, by giving other projects free access to Fairmint's KYCed users' base, we hope that it will attract other projects to build crypto-securities related projects on Optimism, which will also contribute to grow the pool of KYCed users, to the benefit of everybody.

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

Let's successfully make Optimism the GoTo chain for crypto securities by onboarding as many traditional founders and investors as possible. The potential to create a positive network effect is real: The more KYCed wallets Fairmint brings to Optimism, the more Optimism will become a beacon for founders building crypto-securities. That is an incredible growth opportunity for the Optimism ecosystem.

Is your project Optimism Native?

Yes

. We switched from Ethereum to Optimism last November and we are now exclusively on Optimism.

Confirmations

- 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 outlined [here](#): Yes