

Project name:

ShapeShift DAO

Author name(s) and contact info:

[@twells](#) (Discord: T Wells#9070)

[@willy](#) (Discord: willyfox#1178)

L2 recipient address:

0x6268d07327f4fb7380732dc6d63d95F88c0E083b

Which Voting Cycle are you applying for?:

Cycle 11

I confirm that I have read the landing pages for the [Builders 9](#) and [Growth Experiments 11](#) 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 5](#), and I have read the terms of the rule:

Yes

## Project Details

What are you building?

Vision

: We envision a borderless financial system built on open, decentralized protocols.

Mission

: We shall be the pathway into this borderless financial system; an open-source, multi-chain, self-custody crypto platform enabling billions to achieve financial sovereignty.

The roadmap for ShapeShift DAO's product is ultimately driven by the community of FOX Token holders; an in-progress version is live at [app.shapeshift.com](#). This multi-wallet, multi-chain app is architected for complete decentralization, and is powered by an open-source stack including [HDWallet](#), [Unchained](#), [Chain Adapters](#), [Swapper](#), and [Web](#) repositories, will enable completely decentralized access to DeFi protocols across any chain. Additionally, the upcoming [Arkeo](#) project will provide backend node infrastructure for ShapeShift, as well as any interface that wants to be truly decentralized ([more info](#)).

Through integrations with DEX and DEX aggregator protocols such as 0x, CowSwap, THORChain, and Osmosis, ShapeShift enables users to seamlessly move crypto assets across chains with no KYC, custody, or added fees. We believe a decentralized interface and blockchain data infrastructure are imperative to bringing DeFi to the masses, and the ShapeShift community is actively coordinating to build this.

Finally, we would like to emphasize a strong sense of alignment with Optimism on the principles of decentralization, self-custody, and trustless finance

. As one of the first centralized crypto companies to DAO-it starting in 2021, ShapeShift spent the better part of a year decentralizing our operations and open-sourcing our codebase. We draw on a wealth of industry experience from inside and outside the Ethereum ecosystem and aim to help expand the reach and appeal of the Optimism ecosystem.

Here's a peek at ShapeShift's beautiful, cross-chain UI for Portfolio View, Fiat Ramps, Assets, DeFi Yield, and Trading:

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

We believe a comprehensive, multichain interface is one of the killer apps for crypto. Users need a way to track their portfolio, trade and earn, without giving up their private keys to a centralized exchange. ShapeShift is perfectly positioned to provide this experience and is actively building to make it a reality.

How many users does your project have currently? Please include how you arrived at this estimate:

~20,000 MAUs; the DAO uses Pendo used for app data tracking.

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

Please include a step-by-step flow of how you imagine this grant can lead to a greater number of user interactions with Optimism:

Our proposal will maximize the number of users interacting with Optimism by focusing incentives on three central features: fiat ramps, swaps, and bridges. This approach will enable us to target a wide range of crypto users, all of whom require these features to interact with the network via our interface. We believe L2s such as Optimism provide the best balance between security and transaction costs, creating a sticky user experience.

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

We plan to target new and intermediate DeFi users with this grant. We define new users as both crypto-curious (no-coiners) and those with basic knowledge of web3. They are most interested in using their fiat to buy crypto and swap between assets. Intermediate users can be defined as those with at least six months of experience in DeFi, who are interested in yield and asset bridging. Our three-feature incentive focus provides a way for these target user demographics to discover, use, and remain on Optimism.

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

This grant would incentivize new and intermediate users to do the following on Optimism

- Onramp fresh capital
- Swap between assets
- Bridge assets from other chains

The grant distribution will be structured in such a way as to attract these users to Optimism, discover the ecosystem, and remain on the network as it provides a balance of security and transaction costs.

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

- Dapp: [app.shapeshift.com](https://app.shapeshift.com)
- Website: [www.shapeshift.com](https://www.shapeshift.com)
- GitHub: [ShapeShift · GitHub](https://github.com/ShapeShift)
- Twitter: [twitter.com/shapeshift](https://twitter.com/shapeshift)
- Discord: [discord.gg/shapeshift](https://discord.gg/shapeshift)
- Android: [play.google.com/store/apps/details?id=com.shapeshift.droid\\_shapeshift](https://play.google.com/store/apps/details?id=com.shapeshift.droid_shapeshift)
- iPhone: [ShapeShift: Crypto Platform on the App Store](https://apps.apple.com/app/ShapeShift-Crypto-Platform/id1488888888)

Do you have any metrics on the project currently?:

- ~\$4m trading volume across CowSwap, 0x, and THORChain
- \$250k monthly onramp volume
- ~\$200k vault deposits since THORChain Savers launch in Jan, '23
- Optimism integration completed early Feb, '23 (send, receive, trade)

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

[Zerion](#) (Yes)

[Zapper](#) (Yes)

Please link to code audits (if any):

N/A

## Team

- [Willy Fox](#) (Fox Foundation)
- [0xdef1cafe](#) (Engineering WS Lead)
- [Diggy](#) (Product WS Lead)

- [T Wells](#) (Marketing & BD)

Who are your founders?:

ShapeShift was originally founded by Erik Voorhees in 2014, but [transitioned from a centralized company to DAO in 2021](#). We adopted a governance and operational framework illustrated below:

[

WS\_Chart\_3

1439×756 159 KB

](https://global.discourse-cdn.com/business7/uploads/bc41dd/original/2X/8/898bb5457af28c333d9faa4a7ea172e9de168976.png)

[Detailed description of the FOX Governance Process](#)

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

As mentioned above, ShapeShift DAO is composed of builders who have been in the industry for multiple cycles. Our app has already integrated Optimism Network and is therefore positioned to implement the distribution plan immediately.

Is this your first Web3 project?:

No.

If not, what else have you built?:

[KeepKey](#)

[CoinCap](#)

[Portis](#)

[Giveth](#)

## Grant Request

What is the size of the grant request?:

200k OP

How do you justify the size of the grant?:

Our grant request is intended to maximize the longevity of our distribution experiment according to the phases and corresponding milestones below. Should the Growth Committee feel a different grant size is appropriate, we can adjust milestones accordingly.

## Roadmap and Distribution Plan

Describe in discrete steps how you will successfully implement your grant plan:

The incentive program we propose is made possible by our partnership with [DappBack](#); a Web3 rewards platform. In collaboration with their team, we will design and deploy user quests around on-ramping, swapping, and bridging, with OP token rewards available upon completion. Below is a draft UI:

[

DappBack-WireframeUI (3)

1296×651 72.3 KB

](https://global.discourse-cdn.com/business7/uploads/bc41dd/original/2X/a/a0a109cf493a8103c093fd324c0eac478c21c0e0.png)

In order to protect these quests from sybil attack, we will require users to have adopted [Gitcoin Passport](#) with a score of [21.76 or higher](#). ShapeShift has experience distributing millions of dollars worth of crypto rewards as user incentives and defending against the resulting attacks. We have a high level of confidence in Gitcoin Passport, and believe its implementation in this experiment could help solidify its place as an industry standard for sybil resistance. Any user with who has adopted Passport, and completed all three feature quests is a unique, valuable target user successfully onboarded to Optimism.

How will the OP tokens be distributed?

On-chain Task Rewards

(82.5%, 165k OP)

Rewards will be provided for all three features (fiat ramps, swapping, and bridging) via quests on Dappback.

Liquidity Mining

(10%, 20k OP)

In an effort to firmly establish the ShapeShift DAO on Optimism, we intend to create a FOX/wstETH pool on Velodrome and offer access to farming rewards directly within the ShapeShift app, similar to our existing program on Mainnet. This opportunity will be easily accessible to our existing [liquidity providers](#), many of whom may choose to migrate to Optimism.

Marketing/Co-marketing

(7.5%, 15k OP)

We will pursue and measure a variety of marketing initiatives ranging from targeted airdrops to in-person learning experiences at conferences such as [F3ST](#). Should this proposal pass, we would love to explore creative co-marketing ideas focused on growing the Optimism network.

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

6 months.

Please provide benchmark milestones for this project. These milestones should guide the Optimism community on the progress of your project throughout your work on the project. Do not use distribution of the grant itself as a milestone:

Since April 2022, Optimism network has maintained a monthly average of [~394,000 transacting addresses](#) making [~23 transactions apiece](#). Although we're missing the exact historical figure, it's safe to say over 10m OP has been awarded since the grants program began, which indicates ~25 OP spent to acquire a monthly transacting address. Through the proposed experiment, ShapeShift aims to onboard 10k+ monthly transacting addresses to the Optimism network at a substantially reduced cost of 16.5 OP/TA. Monthly target milestones can be seen in the table below.

Should this proposal pass our team will commit to bimonthly reporting on the milestones above, as well as fiat on ramping data.

Please define critical milestones for this project. Critical milestones are meant to show good-faith efforts to accomplish the project. Non-completion of these milestones could lead to revocation of remaining grant rewards. Do not use distribution of the grant itself as a milestone:

As fiat ramps and swapping are already live, the remaining critical milestones are bridging and LP features; we are on track to launch both of these next month.

Critical Milestone

Timeframe for Completion

Fiat ramps to Optimism

Complete

Swapping on Optimism

Complete

Bridging to Optimism

Mid April

FOX/wstETH Farming

Late April

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

OP token incentives will help bring users into the Optimism ecosystem and discover their favorite apps. Once onboarded, these users will want to stay for cheap, fast, and secure transactions. The ShapeShift app will always function as a means to expose new users to Optimism and the variety of dapps it has to offer.

Please provide any additional information that will facilitate accountability:

- [ShapeShift DAO Treasury wallet](#)
- [The DAOshboard](#) used by our Treasury Management & Diversification Committee

## Optimism Relationship

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

Optimism's goal of empowering the next billion users to experience web3 through the security of L2s requires constant experimentation around incentive distribution. Nearly three years have passed since DeFi summer, and although liquidity mining is still commonplace, alternative methods of attracting and retaining capital and community are now possible. Furthermore, when considering the next billion users, there are a few fundamental features likely to be the most critical to their journey in DeFi:

- Fiat On-ramps
- Swapping
- Cross-chain bridging

However, there are two main problems associated with current efforts to incentivize these actions:

1. Fragmentation - these features are often spread across multiple dapps.
2. Sybil Resistance - offering significant incentives for features such as swapping/bridging can lead to abuse and sell pressure.

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

ShapeShift proposes to solve both of the problems above through a new incentive experiment that:

1. Unifies all three features in the ShapeShift interface for the Optimism Network.
2. Implements a sybil resistance layer that balances UX friction with incentives offered.

Is your project Optimism Native?:

No

## 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