

Optimistic Rainbow OP Incentive Proposal

Project Name:

Rainbow Wallet

Author Name:

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

Yes

L2 Recipient Address:

oeth:0x9d62e3f4f5a2ef4F446dA692B07860F3C78CEAa4

Which Voting Cycle are you applying for?:

Voting Cycle 7

Grant Category:

Governance Fund Phase 1

Is this proposal applicable to a specific committee?:

Yes. The Optimism Tooling/Infrastructure Committee - [\[DRAFT\] S02 Committee Proposal: Tooling Governance Committee Governance](#)

Project Overview

Project Description:

Rainbow has two core products: RainbowKit and Rainbow Wallet (mobile), with more in development

- Rainbow Wallet is the most fun, simple, & secure way to explore Web3, NFTs, & Ethereum.
- RainbowKit is the best way for users to connect their wallet. It's designed for everyone and built for developers. It was released to the community as a public good in 2022. Since its release in February 2022, RainbowKit has been downloaded almost a quarter of a million times, and integrated by countless Web3 and DeFi DApps across EVM chains.

Across all our efforts, Rainbow aims to make the Ethereum ecosystem fun and accessible for all users

through unparalleled user-experience design and deep understanding of DeFi and Web3. This includes open-sourcing our products and building public goods.

Our Approach to L2s:

In early 2019, while deeply embedded in the DeFi community, Rainbow became the first wallet to not only support NFTs, but also treat them as first class citizens. At the time the crypto community largely didn't understand this move, but Rainbow saw the cultural potential of NFTs and Web3 beyond DeFi. Rainbow viewed NFT adoption as somewhat of a chicken and egg issue: As long as there was no great interface to showcase and interact with one's NFTs, most users would fail to see their value.

We see the same issue with L2 adoption. Who will build the tools necessary for scaling Ethereum without the demand? It's our belief that mass adoption of L2s will not be possible until L2s are fully empowered and easily accessible from the consumer's primary touchpoint, their wallet.

Rainbow treats L2 networks as first class citizens.

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Rainbow already offers complete feature parity for L2s as it does for mainnet. This means Optimism and other L2 users enjoy the same great experience as Mainnet Ethereum users:

- L2 tokens and NFTs are displayed in-line with Mainnet assets
- Users can swap between nearly any token on our supported networks without leaving the app
- Soon Rainbow will integrate seamless bridging and cross-chain swaps to make traversing Mainnet and L2s frictionless. For our users it is all one unified Ethereum ecosystem.

We have also already teamed up with Optimism for promotions related to NFT launches and offered special features to L2 users in-app.

Rainbow is one of the best user experiences for Optimism available today. We want to incentive more people to try using OP. We believe that the inherent benefits of the network combined with our exceptional user experience will keep people in the Optimism ecosystem for the long term!

Current Highlight Features:

- In-app swaps - Rainbow's custom router contract aggregates all of the most trusted liquidity sources (0x, 1inch, etc) to let users swap tokens on Optimism, Ethereum, Arbitrum, and Polygon networks at the best exchange price. More tokens & exchanges are added each day.
- Best in class NFT showcasing and support - Rainbow supports all media formats for NFTs on Optimism, Ethereum, Arbitrum and Polygon. Rainbow also supports POAPs currently on Gnosis Chain.
- Intuitive crypto portfolio - Rainbow automatically discovers Optimism tokens, portfolio value, and has native Optimism support built in without any extra settings or additional effort for the end user.
- RainbowKit - provides a fast, easy and highly customizable way for developers to add a great wallet experience to their application. We handle the hard stuff so developers and teams can focus on building amazing products and communities for their users.
- Add Cash - Fiat on-ramp to Ethereum Mainnet
- ENS profiles - Claim ENS handles, extend ENS registrations, and customize your ENS profile all in Rainbow. We also support sending to ENS addresses on all networks available in Rainbow.

Our story:

Rainbow founders Christian Baroni, Mike Demarais, and Jin Chung came together with a mission to make navigating Ethereum simpler for the average consumer. Baroni used to contract design for Microsoft while he was at high school and became Stripe's 4th designer at the age of 17. Demarais immersed himself in computer design and website creation from a young age, dropping out of college to work as an engineer at several user-focused start-ups. Chung majored in computer science engineering at UPenn and later wrote trading tools for equity derivatives and algorithms for eBay's recommendation systems.

Project links:

- Wallet - [iOS](#), [Android](#)
- Rainbow Wallet Website: rainbow.me
- RainbowKit Website: RainbowKit.com
- Twitter: twitter.com/rainbowdotme
- GitHub: <https://github.com/rainbow-me/>
- Rainbow Wallet GitHub: <https://github.com/rainbow-me/rainbow/>
- Rainbow Wallet FAQ: <https://learn.rainbow.me/>
- RainbowKit GitHub: <https://github.com/rainbow-me/rainbowkit>

- RainbowKit Documentation: <https://www.rainbowkit.com/docs/introduction>
- Rainbow Swaps GitHub: <https://github.com/rainbow-me/swaps>
- Rainbow Swaps OptimismScan: <https://optimistic.etherscan.io/address/0x00000000009726632680fb29d3f7a9734e3010e2>

Additional team member info (please link):

The whole Rainbow team can be found here! <https://twitter.com/rainbowdotme/following>

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

Rainbow team members have worked at or on some of these projects:

- [MetaMask](#)
- [Wagmi](#)
- [Shoptaru](#)
- [Wallet Connect](#)
- [Vanilla-extract](#)
- [Stripe](#)
- [Facebook Messenger](#)
- [Discord](#)

Relevant Usage Metrics:

- Rainbow Router is deployed on [Mainnet](#), [Optimism](#), [Arbitrum](#), and [Polygon](#).
- <https://dune.com/rainbowwallet/rainbow-router-network-stats> - on-chain data for users of our in-app swaps

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Competitors, peers, or similar projects

[MetaMask](#), [Coinbase Wallet](#), [Candide](#) ([proposal link](#)), [Tally Ho](#) ([proposal link](#))

Is/will this project be open sourced?:

Yes.

Rainbow's code base is open source on [GitHub](#), Rainbow Wallet is open source licensed with GPLv3 ([link](#)). RainbowKit uses the MIT license ([link](#)).

Rainbow Router is also GPLv3 ([link](#)) code is deployed on [Mainnet](#), [Optimism](#), [Arbitrum](#), and [Polygon](#). The contract code and the audit are also available on [GitHub](#).

Optimism native?:

Ethereum Native, our goal is Optimism feature parity

- Rainbow was an early mover to support Optimism. We were the first wallet to support Optimism NFTs!
- How do you add Optimism to Rainbow Wallet? You don't! It's already there!

<https://help.optimism.io/hc/en-us/articles/4417258511131-How-do-I-use-Optimism-with-Rainbow-Wallet->

- Rainbow currently supports on-chain swaps on Optimism in-app
- Rainbow will soon integrate cross-chain bridging and cross-chain swaps.

- Rainbow is working to add L2 fiat on-ramps

Optimism

Deployment date:

August 2021 <https://twitter.com/rainbowdotme/status/1427304535450660867>

<https://twitter.com/rainbowdotme/status/1427304535450660867>

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Ecosystem Value Proposition:

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

Feature parity, lagging UX, bridging, swapping, adding NFTs manually, buying tokens with fiat—these are all pain points for L1s, and the technical expertise demanded of an L2 user is even higher. To put it simply: using an open source & self-custody wallet is often harder than it has to be.

Furthermore, the benefits of using an L2 like Optimism aren't always easily understood. Many users do things the way they've always done them—on mainnet—and carry the perception there are high switching costs (like extra steps, time, complexity) to using L2s.

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

Rainbow is an open source and cross-chain wallet that is working towards feature parity for Optimism. We make using Optimism easy, no matter what your level of experience. An Optimism grant will enable Rainbow to offer OP token rewards to users using Optimism. This initiative will incentivize users to experience the benefits of Optimism first hand.

Rainbow already made a large investment to support and offer feature parity for Optimism, and we are in midst of further enhancing this experience for Optimism users. Specifically, Rainbow is building cross-chain swaps and bridging to completely abstract the process of bridging.

Without the friction of bridging funds to L2s, users have no reason not trade and interact on Optimism where transactions are just as secure and exponentially more affordable. There's no risk, extra effort, or new steps to learn to use Optimism on Rainbow.

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

The Optimism ecosystem will benefit from a strong association with the Rainbow brand. Rainbow is well-known for being friendly, approachable, and a top tier wallet choice for both newbies and pros. Rainbow can help expand the market for Optimism beyond experts and degens.

With our unique and aesthetic style, Rainbow will advertise the incentive program and new opportunities to use Optimism and be able to reach thousands of users directly in their wallets.

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Has your project previously applied for an OP grant?

No

Token Distribution

Number of OP tokens requested:

420,069 OP

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

No

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

N/A

How much will your project match in co-incentives?:

Rainbow is not committing to purchase OP for incentives programs. We have no plans to match at this time, but wish we could

Proposal for token distribution

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How will tokens be allocated

100% of \$OP will be distributed as an incentive for users to make swaps on Optimism within Rainbow, or to bridge assets to Optimism within Rainbow.

Milestone Unlocks

126,019 tokens for the initial grant and then rest once proof-of-concept achieved.

OP Granted

KPI (key performance indicator)

Initial Grant

126,019 (30%)

Milestone 1

294,050 (70%)

\$200,000

vol on Optimism or 500 bridges/trades per week

Total

420,069 OP awarded

KPIs: trading volume and total number of trades per week

Rainbow and Optimism would work collaboratively to determine the best way to award incentives over the course of the program to best hit each milestone.

Additional context for draft reviewers - Our initial thoughts would be to reward Rainbow Swap users on Optimism and Ethereum, which would introduce our Ethereum users to the Optimism token and network. We welcome input on the optimal distribution methods and tokenomics to improve user retention on Optimism and limit the sale of Optimism tokens.

Why will users continue using Optimism after incentives are gone?

Rainbow makes Optimism easy and fun to use. The incentives will entice new users to try Optimism risk-free, and Rainbow's ease of use plus the obvious value of Optimism (security, speed, affordability) will keep them coming back.

Trackable Milestones / KPIs

- Total swaps made from the Rainbow app on our supported networks

- Unique addresses using Rainbow swaps on Optimism
- Swap volume from Rainbow swaps on Optimism

Additional information to facilitate accountability:

- Rainbow Router address on all deployed chains: [0x00000000009726632680fb29d3f7a9734e3010e2](https://optimism.etherscan.io/address/0x00000000009726632680fb29d3f7a9734e3010e2)