Date: 6 March 2024

Key numbers

- Time live: 10 weeks

- ATH TVL in GM vaults: $0 → $8.7M

- Incentives used: 95k / 100k ARB (rest remains with GMX DAO)

- Total GM users: 325

- GLP/GM ratio: 100% → 3.7%

- Average savings utilization ratio: ~83%

flipsidecrypto.xyz

DeltaPrime x GMX Grant | Flipside

Dashboard evaluating key metrics to determine DP's success in increasing usage of GMX v2 GM Pools and incentivizing users to shift from GLP (v1) to GM (v2)

Reflection

How it started

DeltaPrime launched its GM pools on December 4th 2023, together with a potential 100k ARB to celebrate the launch with. At this point DeltaPrime on Arbitrum had $4.3mm in TVL. The goal we set was to provide, within 10 weeks, $10mm TVL to GMX on Arbitrum. The GM pools were incentivized with 1k ARB every week. Every 3 weeks a new $3mm was to be hit, or incentives for the following 3 weeks would be reduced with 50%. The reasoning behind this was to provide community milestones, which need to be hit to get the most incentives. The milestone, given our TVL, was ambitious, but with this strategy the community goals would be in line with every individual actor's goals: Hit milestones to keep the max incentives running. And then it wasn't.

How it went

We understand that the numbers given our position are good: We went from $0 GMX contribution and $4.3M DeltaPrime TVL to $8.7M GMX contribution and $12M DeltaPrime TVL (which makes GMX the most popular DeltaPrime Blue protocol). Yet, we aimed for $10M and thus we evaluate, where could we have done better?

We hit our first milestone shortly after the launch of the program, $3M was easily hit but growing to $6M took longer. 3 more weeks to be exact: on the very last day the $6M milestone was hit and a penalty avoided. Then, again, slow growth for 3 weeks, hitting $8.7M on the last day, barely missing the $9M milestone required.

Post-incentives the liquidity stuck around for a couple of days, until one major player removed his position (likely moving it to another still incentivized vault). Except for that withdrawal other users retained their position on DeltaPrime, likely having experienced the benefits of being in control of your own (delta-neutral) GM positions.

[

1392×818 82.8 KB

](https://global.discourse-cdn.com/business7/uploads/gmx/original/2X/6/661dc158f00146092d5fd87aae795756a47aaf79.png)

The utilization ratio was another KPI for DeltaPrime, as it shows the borrowing demand (value of the Prime Account, in this case increased by GMX V2) as well as the value add to the greater Arbitrum ecosystem: The higher the utilization ratio, the more efficient all deposited capital is used. Throughout the program, the utilization ratio was regularly above 83.5%, leading to DeltaPrime being one-of-the (if not the) most capital-efficient lending protocols on the chain.

[

1442×858 59 KB

](https://global.discourse-cdn.com/business7/uploads/gmx/original/2X/8/8c8a5a910c39fbac688fdbf7701ce86d7797540e.png)

As for the last KPI: The GLP/GM Ratio. One of our goals was to reduce this number through the integration of a ZAP, a feature allowing users to easily convert their GLP position to a GM position. Due to unexpected difficulties, the ZAP was delayed, leading to this ratio remaining above 20%. After the ZAP was introduced this dropped to 3%, meaning the integration was a success. Currently (due to GM unwinding) the ratio is back to 5% as this last GLP still remains in Prime

Accounts.

[

1394×826 35.6 KB

](https://global.discourse-cdn.com/business7/uploads/gmx/original/2X/e/e2c7fc091445a070da79c4fb69c56645572db6ff.png)

Lessons learned

What could we have done better? The utilization and GM/GLP ratios were successful, but the TVL moved in chunks. In hindsight it was clear as day: while the community as a whole benefited from hitting milestones swiftly, individual community members benefitted from from hitting them last minute. This way they maximize their own gains (as you share incentives with less capital), which is worth the risk of barely (not) hitting the next milestone. But for the community as a whole this meant taking an unnecessary risk.

In a future program we would implement a speed bonus, this would change the individual's goals to better align with the community's goals as hitting milestones rapidly becomes beneficial to the individual (even if it means sharing incentives).