

Tokenomics

Designing the Tokenomics Framework for BOLD: Establishing the Economic Structure of the \$BOLD Token

Important notes in advance:

Before we delve into the details, it's important to note that Tokenomics is an integral part of a project's business model. Business models are not static; they evolve over time as businesses strive to remain relevant and competitive. Consequently, it becomes necessary to adjust the tokenomics of a project in the medium and long term. It is quite common in the Web3 space for projects to update their tokenomics by introducing or removing token utilities, and even altering token allocation and vesting schedules.

With that in mind, the following tokenomics serve as the initial version for BOLD's project, and it should be understood that new utilities can be seamlessly added in a modular fashion as the project progresses.

Main Objectives of the Tokenomics

General objectives

User Accessibility and Web3 Integration:

A primary tenet is to ensure that the platform's **main features are accessible to users without requiring Web3 knowledge** or Web3 tools. However, **Web3 features can be enabled and used selectively** to access additional functionalities.

Long-Term Sustainability:

Achieving long-term sustainability is a crucial aspect of tokenomics. Designing the \$BOLD to be **non-inflationary in the long term**, ensures the viability of the token as a store of value and fosters confidence in the BOLD ecosystem. This will also be favorable for \$BOLD token investors, as they prefer to avoid future dilution of their holdings.

BOLD-specific objectives

1. **Funding the Project:** The token will serve as a means to raise funding for BOLD, ensuring the continuous development of the platform.
2. **Accelerating Network Effects:** The token will be used to incentivize early adoption and usage of the platform, promoting network effects and driving increased participation and engagement. Importantly, the goal is to transition from incentivized users to organic users who engage with the platform without relying on incentives, once the initial bootstrapping period is completed.
3. **Rewarding Creators:** BOLD will reward creators who develop entertaining and engaging challenges with \$BOLD, recognizing their contributions and encouraging the production of high-quality challenges. Additionally, Heroes can earn \$BOLD by participating in certain challenges, funded by the Challenge Creators.
4. **Payment:** The BOLD token will function as a payment token within the ecosystem, facilitating transactions such as purchasing the BOLD season pass and other services / digital items offered within the platform. Additionally, \$BOLD can be used to earn and/or receive Energy, which in turn can be used to unlock/purchase further benefits.
5. **Gamification:** Enhance the platform experience for users by implementing incentivization and reward mechanisms that encourage desired behaviors, e.g., active participation and creation of challenges.

Dual Token Model

BOLD's token ecosystem is proposed to consist of two tokens:

- (1) **BOLD (\$BOLD) Token:** The \$BOLD token is a fungible token that is smart contract-enabled. It serves as the primary token within the BOLD ecosystem, offering various utility functions and serving as a payment token.

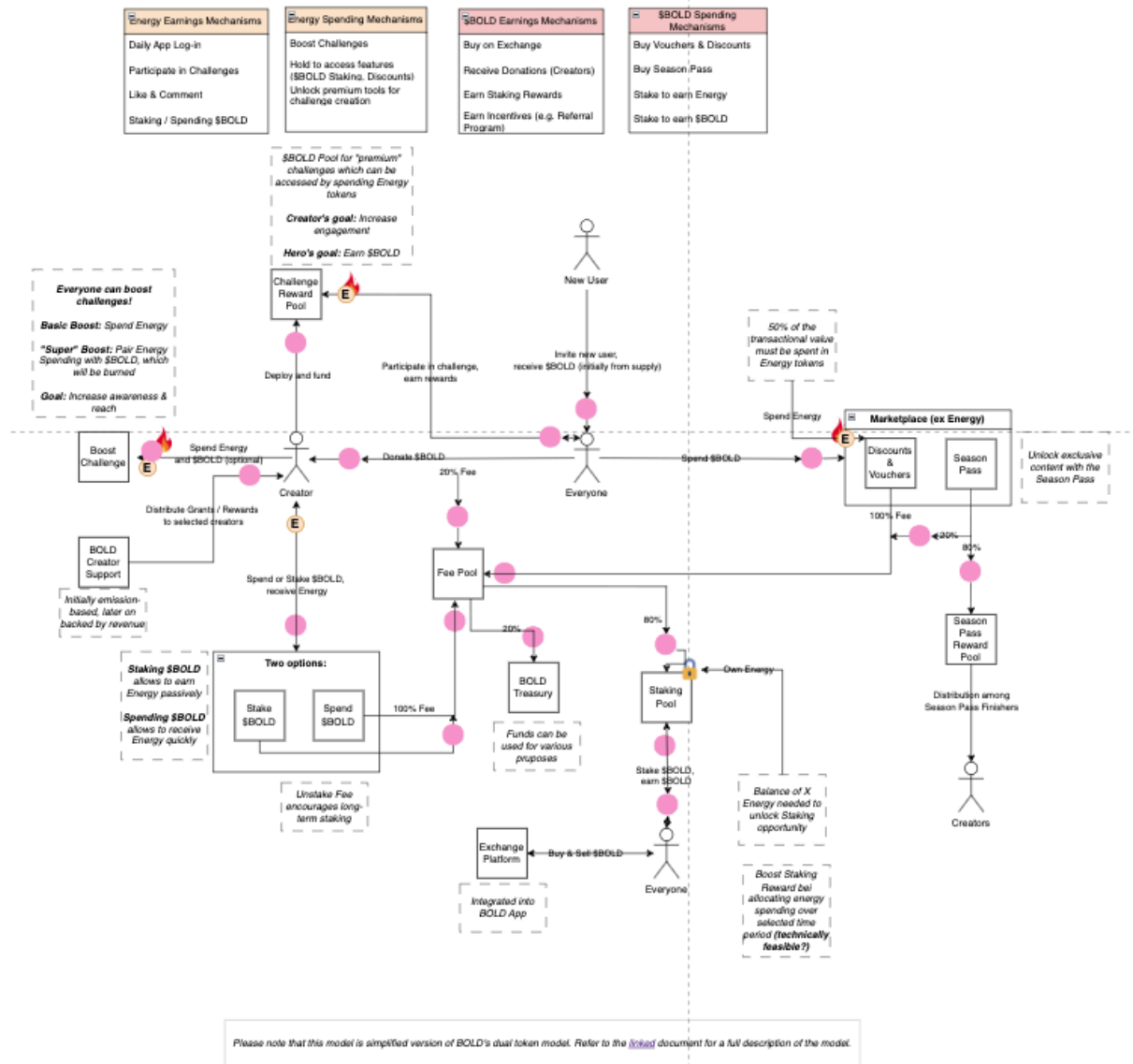
- (2) **Energy Token:** The Energy token is a fungible token that operates independently of smart contract architecture. Its purpose is to provide a gamified BOLD experience for non-Web3 users, while also offering additional earning capabilities for users who are more inclined to utilize Web3 features.

Importantly, Energy cannot be converted into \$BOLD tokens. The conversion is strictly one-way, allowing users to convert \$BOLD tokens into Energy. This design choice is implemented to prevent potential financial fraud, as Energy tokens are subject to greater security risks (*e.g., database hacking*) compared to the blockchain-based \$BOLD token. By restricting the conversion, the integrity and security of the token ecosystem are safeguarded.

Token Flow Chart

Overview: BOLD Dual Token Model

Energy: Non-blockchain-based Token
\$BOLD: Blockchain-based Utility Token



Ecosystem Participants

Challenge Creators

Role

Challenge Creators are primarily supplying the BOLD platform with content in the form of challenges.

Interaction with \$BOLD

- Receive \$BOLD in form of donations from their fans.
- Selected Creators can receive grants in the form of \$BOLD from the BOLD grant treasury to finance the creation of high-quality challenges.
- Creators can fund a reward pool with \$BOLD to incentivize users to engage and/or participate in their challenges.
- Stake or spend \$BOLD to earn Energy passively over time or to receive Energy instantly.

Interaction with Energy

- Spend Energy to boost challenges for increasing awareness and reach.

Heroes

Role

Heroes participate in the challenges created by Challenge Creators.

Interaction with \$BOLD

- Receive \$BOLD from challenge reward pools (financed by Challenge Creators) for participating in certain challenges.
- Receive \$BOLD in form of donations.
- Stake or spend \$BOLD to earn Energy passively over time or to receive Energy instantly

Interaction with Energy

- Spend Energy to be eligible to earn rewards from challenges that are supported with a \$BOLD reward pool by the respective Challenge Creator.

“Everyone”

Role

“Everyone” can be considered as every BOLD user who is not performing tasks that exclusively Challenge Creators and Heroes engage in. Meaning, they are primarily consuming the content created by Challenge Creators and Heroes.

(Challenge Creators and Heroes can interact with \$BOLD and Energy in the same way as everyone else can)

Interaction with \$BOLD

- Donate \$BOLD to Challenge Creators and Heroes.
- Spend \$BOLD to buy digital products from BOLD's marketplace, such as the Season Pass and Discounts & Vouchers (50% of the transactional value).
- Buy and sell \$BOLD on exchange platforms (via the BOLD App and via the exchange directly).
- Stake \$BOLD to earn additional \$BOLD token rewards
- Receive \$BOLD for successfully onboarding new users to BOLD¹

Interaction with Energy

- Spend Energy to buy digital products from BOLD's marketplace (Discounts & Vouchers, 50% of the transactional value)
- Earn Energy by engaging with content (liking, commenting, participating) and daily app log-ins.

Value Accrual

Value Accrual to BOLD

BOLD earns 20% of the total fee pool distributions denominated in \$BOLD.

Fee pool inflows:

- 20% of every donation's total value
- 20% of the proceeds from Season Pass sales
- 10% fee on the \$BOLD value unstaked which was used for earning Energy
- 100% of the proceeds from buying Energy

Value Accrual to \$BOLD

The \$BOLD token economy is a circular economy and thus has no direct value accrual, such as token buyback or token burn events. However, there are many aspects driving the demand for \$BOLD, which are discussed in the next section.

¹ It is recommended that dedicated mechanisms to avoid exploitation of the reward based referral system be put in place.

Demand Drivers

The following demand drivers are anticipated, excluding speculation and seeking capital gains:

1. **Variety of Attractive Discounts, Vouchers:** The availability of a wide range of appealing discounts and vouchers from affiliated brands can stimulate an increase in token spending. These can include discounts on shoppable items, vouchers to claim free items or services, and admission to certain events. Users may be incentivized to acquire the token in order to take advantage of these attractive deals.
2. **Value Proposition of the Season Pass:** The attractiveness of the season pass and the benefits it offers play a significant role in driving user demand. The more enticing the season pass is, the more willing users are to pay \$BOLD tokens to gain access. The higher the demand for spending or staking tokens, the greater the demand for purchasing the token in the first place.
3. **Growth in BOLD ecosystem (Creators, Heroes, Fans):** As the number of challenge creators increases, along with the size of their loyal fan bases and heroes, the demand for \$BOLD is expected to rise. Fans who are eager to support their favorite creators by donating \$BOLD must first purchase the token, leading to increased demand.
4. **Increasing APR in the Staking Pool:** A higher Annual Percentage Rate (APR) offered through staking \$BOLD in the Staking Pool is likely to attract more users willing to stake their tokens and earn a share of the APR. This increase in potential rewards is anticipated to drive demand for \$BOLD.
5. **Expansion of (Active) Challenge Creators:** Active challenge creators can enhance the visibility of their challenges by utilizing Energy boosts. Energy can be obtained either by spending \$BOLD directly or gradually earned through staking \$BOLD. Both methods accelerate the demand for \$BOLD as more users seek to acquire the token to access Energy boosts. Additionally, as more challenge creators open and fund challenge reward pools, it is expected that they will need to earn or purchase \$BOLD in advance, further driving demand for the token.