



district0x

Quarterly Report Q1 2018

April 26th, 2018

Contents:

Mission, Vision, and Values

Product

Partnerships

Community

Education Portal

Compliance

Financials

Summary

Mission, Vision, and Values

In our first quarterly report we shared our mission, vision, and values statement to serve as a guiding light throughout our growth and development as an organization. We will continue to highlight these at the beginning of every report to keep our ultimate goals fresh in mind.

Our Mission

Decentralize the ownership structures of the world's marketplaces.

Our Vision

Deploy a platform for the creation and operation of communal marketplaces as decentralized entities, build network effects around the platform via a suite of ancillary services and by fostering a third-party developer ecosystem, and leverage these network effects to supplant privately controlled marketplaces with districts that allow for open participation in the governance of markets.

Our Values

1. **Transparency** - Open and honest communication provides each person the opportunity to contribute in the most meaningful way.
2. **Autonomy** - We supply the tools and information to do the job, but trust one another to get that job done.
3. **Inclusion** - We welcome participation from all colors and creeds, across all borders and nationalities. We are empowered by the diversity of our ideas because competition breeds strength.
4. **Decentralization** - We seek the path of broadest consensus, and work to align motivations through incentives, not instigation.

Product

Development effort in the beginning of 2018 was spent across both our current and upcoming products, with a heavy emphasis on developing the libraries necessary for the rapid deployment and evolution of the network, in particular Meme Factory. As we retrofit upgraded services into our older products, we made sure to generalize and modularize these pieces back into d0xINFRA for future use.

Ethlance

In early January, Ethlance was ported to and featured on the [Toshi Mobile Ethereum Browser](#). This enables yet another option for mobile users to explore the Ethlance dApp with a compatible wallet at the ready. In addition, we've slated the core of Ethlance for a large remake later in 2018.

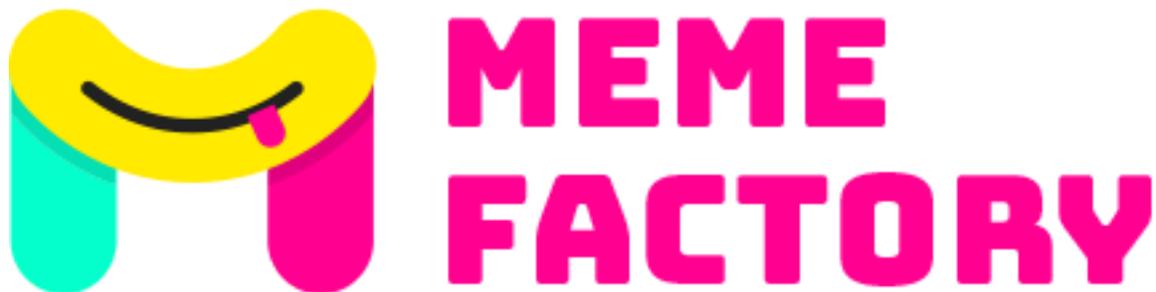
Name Bazaar

Just like Ethlance, Name Bazaar was also ported to the Toshi mobile app. Further additions to the dApp were built, including most notably the addition of the [Name Registration flow](#), allowing any user to register a currently unclaimed name through the standard ENS contracts. Additionally, the interface was ported to CSS Grid from SemanticUI Grid, a change that we've rolled into d0xINFRA for all future districts. Small improvements to services like the notifications slider rounded out our final changes to Name Bazaar before we unofficially put development on hold.

Meme Factory

The bulk of development time this quarter was spent on the construction of our upcoming district Meme Factory. In anticipation of a community vote on particular elements of the final Meme Factory product, we took care to design and develop this district in a way that would allow for more community participation each step of the way.

After conducting the high level strategy and planning, wireframes were drawn up and passed to our design team for the initial page designs. These included a multitude of color themes for community members to choose from. In addition, the main body of the website design has been left open to accommodate any possible meme format resulting from the vote.



The majority of the smart contract work powering the DANK registry was also completed in Q1. This includes not only the smart contracts necessary to propose, challenge, and vote for memes in the DANK registry, but also the smart contracts required to manipulate the parameters of the registry itself.

d0xINFRA

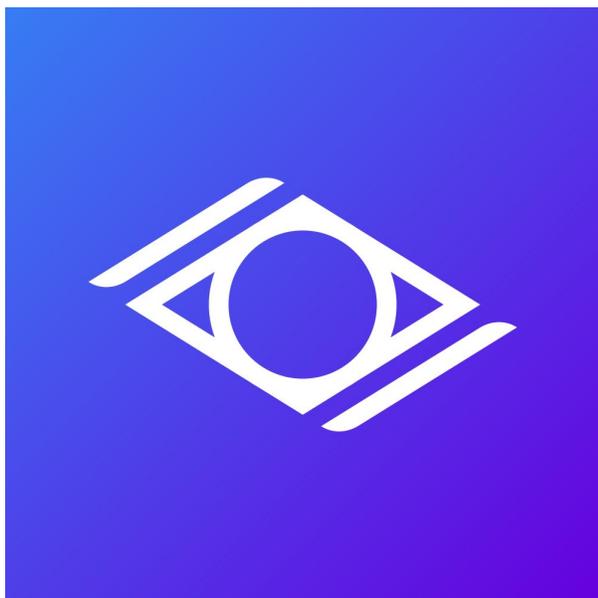
Last quarter in the wake of Name Bazaar's release, we began reincorporating its many elements as modules within d0xINFRA. This work continued and finished early in the quarter, at which point we embarked on two main objectives.

The first initiative was a Clojurescript library for IPFS. With enough effort, we built a light, flexible, browser-capable wrapper that will allow us to utilize the power of IPFS in our native language throughout our stack and will help unify our model for future districts.

The second was significantly more complex: we developed a modular GraphQL implementation to service all communication between our clients and servers. This will be put to immediate use in the development of Meme Factory, and should serve to drastically reduce development time for all future districts for both us and third parties. This modularization pattern is a novel one we are quite proud of, hope to see borrowed by the broader development community beyond the district0x network.

Partnerships

Previously we mentioned our partnership with Aragon and the plans being laid to coordinate the launch of Meme Factory alongside Aragon Core on the MainNet. With Aragon co-developing a [Simple Staking Interface](#) and [launching Aragon v0.5 to the Rinkeby testnet](#), we are eagerly anticipating running Meme Factory Community Polls through an Aragon entity, and have already begun collecting design assets for our community to vote on.



During the quarter we developed a close relationship with a new project, [Witnet](#). Witnet has the potential to offer us a decentralized oracle network. This allows districts within our network to leverage off-chain APIs from various traditional internet vendors to arbitrate escrow contracts for the world's marketplaces. In basic terms, it enables new districts that rely on information that currently can't be attested to on a blockchain - things like delivery confirmations for physical goods or third party attestations for completed freelance jobs. We're excited to see Witnet develop and will be looking forward to leveraging this network in future district design.

Community

District Digest Streams

Our weekly livestreams continue to be a central focus of our community building efforts. In the first quarter, we made several large upgrades to video and audio setup to improve the experience for both live viewers and our many archived recordings. In addition, our shift towards hosting relevant guests for Q&A's has been quite successful. Between January and the end of March we had 6 separate guests from projects across the space join us. We continue to see growing viewership with 1500 live viewers at peak across Mixer, Twitter, and Facebook. We're making progressive efforts to produce consistent interviews in the future, and bring our audience into our rewards program where we've granted nearly 60k DNT.

Slack/Rocket.chat/Telegram

Towards the end of the previous year we began to experiment with chat relay bots that would connect all of our real time chat rooms together and relay messages between them, giving users the final choice in preferred chat platform. This effort has faced a few challenges in managing the sheer volume of message flow and the heightened need for moderation, but has served to tie all of our communities together. While our slack remains closed to public invites, our Telegram has grown to over 5000 users as the primary place for new users to connect with the community.

Reddit/Twitter/Medium

Reddit and in particular our own [districtOx subreddit](#) gives interested community members a forum to participate in a more slowly paced discussion. We use it to solicit feedback, host AMAs, and field questions ahead of time for our live stream guests. Although growth has slowed, we have continued to steadily add subscribers with over 6700 as of Q1 2018.

Our [Twitter](#) by contrast has added roughly 10,000 followers (roughly 22%) in the past quarter, and although this is following an even more massive Q4, we've continued to solicit interest not only in our own projects but also in projects across the space with daily tweets.

Medium is the cornerstone of the districtOx team's tools for official updates on the districtOx project. We continue to publish our regular weekly, bi-weekly, and quarterly series. We've grown to 2400 followers, representing a 20% increase in the previous quarter, with the past 90 days of stories receiving 43,000+ views.

Education Portal

Late in 2017 we began laying down a game plan for our new primary marketing effort. As we see it, district0x has positioned itself at the end-user side of the current development trends in blockchain technology. We make real user experiences by bridging the look and feel of the previous generation of applications with the newest functionality offered by the various pieces and projects within the ecosystem. We strive to offer the average internet-goer the easiest path towards interacting with a completely decentralized marketplace.

One of the key efforts in this regard is helping the average consumer understand *why decentralization matters*, and how now like never before we can build systems that achieve all of the same benefits we've grown accustomed to with the centralized web without compromising on transparency and equity of access.

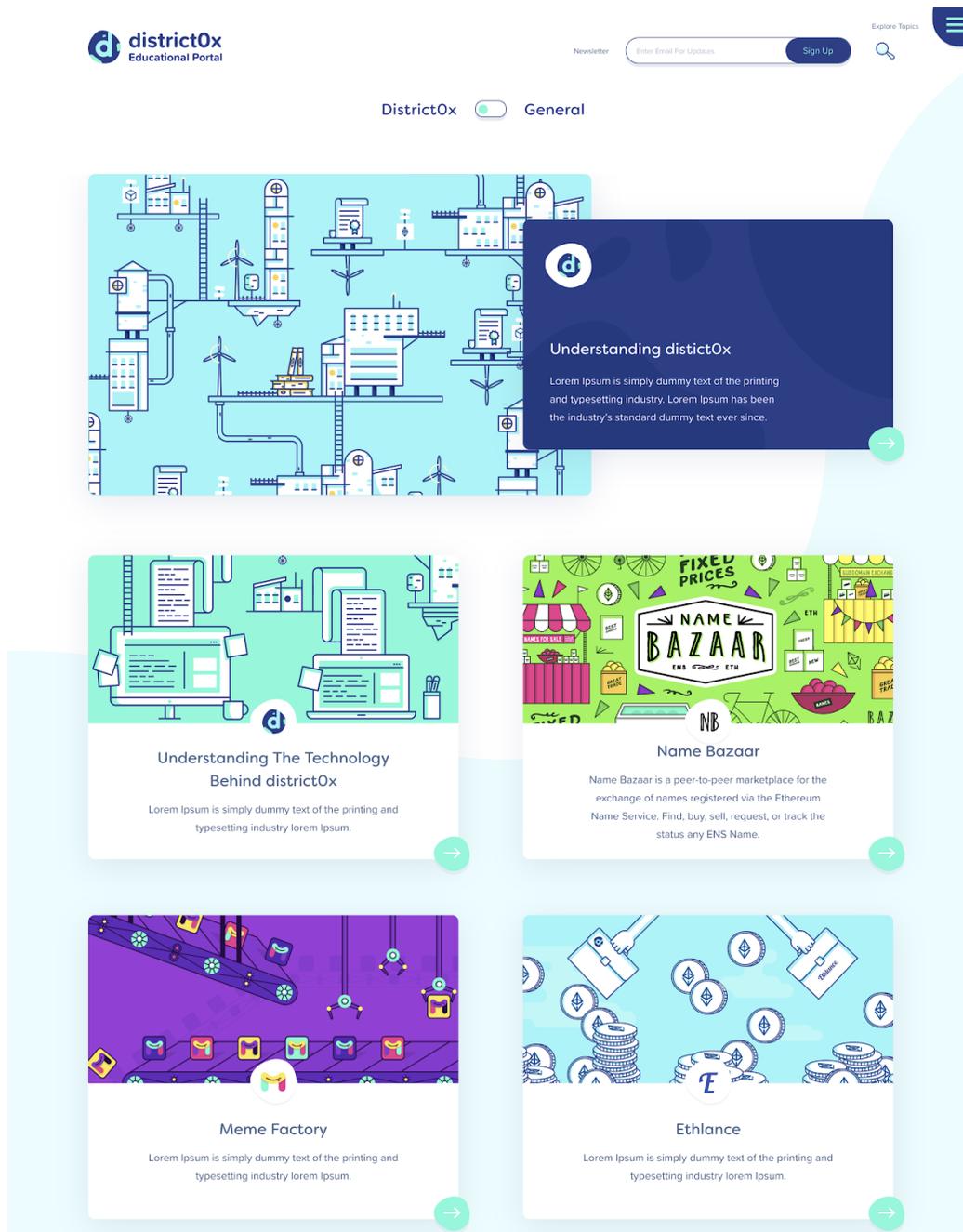
To achieve this, we've outlined a series of educational articles and videos covering a variety of topics; both specific to the district0x network and more generally regarding our entire technology stack. High-level short form videos explaining fundamental topics like dApps and smart contracts will accompany more in-depth wiki style articles on specific technologies with additional references for curious readers.

The screenshot shows the district0x Educational Portal website. At the top left is the logo with the text "district0x Educational Portal". Below the logo, there are two main sections: "General Topics" and "district0x Specific Topics". Each section contains a grid of article titles. Some titles are highlighted in blue, indicating they are featured or current.

General Topics			
Understanding the Blockchain	Blockchain Security Nounces Explained	What Are Smart Contracts?	The Basics of State Channel
The Basics of The Blockchain – Overview	Blockchain Security – Mining Explained	Ethereum vs. Ether	What Is Decentralization?
Byzantine Generals Problem	Understanding "Proof Of Work"s	Understanding dApps	Decentralization vs. Distributed. Architectural, Political, Logical
How Does The Blockchain Work? - An Intro To Bitcoin	Understanding Ethereum	The Role Of Tokens	What Is Governance?
Blockchain Security – Hashes Explained	What Is Ethereum?	What Is An ERC20 Token?	
		Proof of Work vs. Proof Of Stake	

district0x Specific Topics			
Understanding distict0x	Understanding The Technology Behind district0x	Understanding The Basics of ENS	Ethlance
What Are Districts?	Aragon	Using Name Bazaar	What Is Ethlance
Understanding dApps	Ox Protocol	Meme Factory	District Proposals
The d0xINFRA Framework	IPFS	What Is a "curation market"	What Is a District Proposal?
How DNT is used	Name Bazaar	Tokenization of memes	How To Submit, Vote, Etc?
The District Registry	What Are Ethereum Domains	Understanding a scaling price curve	
Staking Interface		How Meme Factory Works (TBD)	

In the end we expect to build a much more inviting and easy to understand resource not just for district0x, but for the entire ethereum ecosystem. By offering free access to the information needed to understand this rapidly evolving space, we can focus on bringing in users at the very top of the funnel by marketing all of benefits decentralization can offer. This can have a multiplicative effect - these interested end users will quickly highlight the points of most friction, allowing us to focus development efforts on critical pieces needed for widespread adoption, accelerating network growth in the process.



Compliance

At district0x, we agree that Ethereum must be about more than “lambo memes and immature puns.”¹ Since the launch of Ethlance in January 2017, we have been committed to creating, and later partnering with, functional dApps that advance the blockchain’s potential to disintermediate a wide range of human interactions. Each district on our network offers genuine utility. The success of those districts depends upon the efforts, talents, and creativity of DNT holders, channeled through participation in our various community initiatives and leveraging the decision-making power of Aragon.

With explosive growth of ETH and other cryptocurrencies since Q3 2017, we have closely followed developments in regulation of the broader blockchain industry. The current regulatory landscape is murky, and is complicated by the uncoordinated efforts of a number of governments. At times, those efforts seem to run at cross-purposes with the ability of blockchain technology to reach across borders, disintermediating portions of the global economy which have until now remained beyond the reach of many.

Yet, regulation will play an essential role in ensuring the promise of Ethereum is fulfilled. For a technology with so much disruptive potential, regulation will help Ethereum gain mainstream acceptance, combat the misperception that the technology somehow lends itself to criminality, and ensure actors who associate themselves with Ethereum act in ways that genuinely benefit the community.

While there may be some gray areas in the regulatory landscape, many areas are not only black and white, but are both easy to support and consistent with how district0x has operated since our founding. For example, eschewing paid ads promising outsized token returns, shunning the use of celebrities to promote token offerings, ensuring developers follow-up on claims made in whitepapers, requiring extensive security reviews before token offerings, and taking care to avoid any action that might violate either the letter or the spirit of anti-money laundering and sanctions laws are basic principles on which all responsible members of the Ethereum community should agree.

While the global regulatory landscape will need to evolve to account for the realities of blockchain-based technology, we believe regulation will, on balance, be a good thing for responsible dApps interested in long-term progress, versus those prioritizing short-term speculation. district0x counts itself among former. In Q1 2018, we undertook efforts to bolster our own understanding of the regulatory environment, including how to institutionalize post-ICO compliance and ensuring those we partner with share our views. Moving forward, we seek broader engagement, both within the district0x community beyond, with like-minded developers. Our goal is to not only meet regulatory requirements, but ensure the evolving regulatory landscape takes into account the interests and perspectives of developers.

¹ Vitalik Buterin, <https://twitter.com/VitalikButerin/status/945988644661207040>

Financials

Balance Sheet

ASSETS

CURRENT ASSETS	Q2 2017	Q3 2017*	Q4 2017**	Q1 2018***
ETH	-	\$13,263,765	\$49,089,290	\$15,604,869
DNT	-	\$7,500,636	\$28,004,579	\$9,726,713
DATA	-	-	\$707	\$230
OMG	-	\$123	\$251	\$125
Cash	-	-	-	-
Accounts Receivable	-	-	-	-
Temporary Investments	-	-	-	-
Prepaid Expenses	-	\$30,917	-	-
Other Current Assets	-	-	-	-
TOTAL CURRENT ASSETS	\$0	\$20,795,441	\$77,094,827	\$25,331,938

* USD Value on 10/8/2017 on Etherscan

** USD Value on 1/29/2018 on Etherscan

*** USD Value on 4/1/2018 on Etherscan

Income Statement

INCOME	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Revenues	\$0	\$13,465,421	\$0	\$0
Cost of Goods Sold	\$0	\$0	\$0	\$0
GROSS PROFIT	\$0	\$13,465,421	\$0	\$0

EXPENSES	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Contractor Wage Expenses	\$0	\$140,744	\$178,430	\$185,595
Technology and Development Expenses	\$0	\$22,419	\$129	\$40,514
Marketing and Sales Expenses	\$0	\$5,841	\$2,999	\$7,710
General and Administrative Expenses	\$0	\$32,652	\$6,911	\$250,522
Other Expenses	\$0	\$0	\$600	\$52,137
TOTAL EXPENSES	\$0	\$201,656	\$189,069	\$536,477
OPERATING PROFIT	\$0	\$13,263,765	-\$189,069	-\$536,477

Summary

The beginning of 2018 was admittedly a quiet quarter for the district0x team. Although we didn't have a major public launch, we hit many internal milestones as a team. We hired a new operations assistant, Peter, and established a physical base of operations in San Francisco for half of the team. Across the entire organization we've been leveling up our processes, perfecting our policies, and committing these to writing with the distant goal of a self-governing system of user owner marketplaces always in mind. We expect to yield the fruits of much of our quarter one labor in the coming weeks and we're itching to share it with you.

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Learn More

For more information about the district0x Network:

- Check out our [white paper](#)
- Watch our [introduction video](#)
- Subscribe for [email updates](#)
- Follow us on [Twitter](#)
- Join us on [Telegram](#)
- Subscribe to our [subreddit](#)
- See our [live stream recordings](#) on YouTube