Quarterly Report
Q2 2018

July 27th, 2018

Contents:

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.
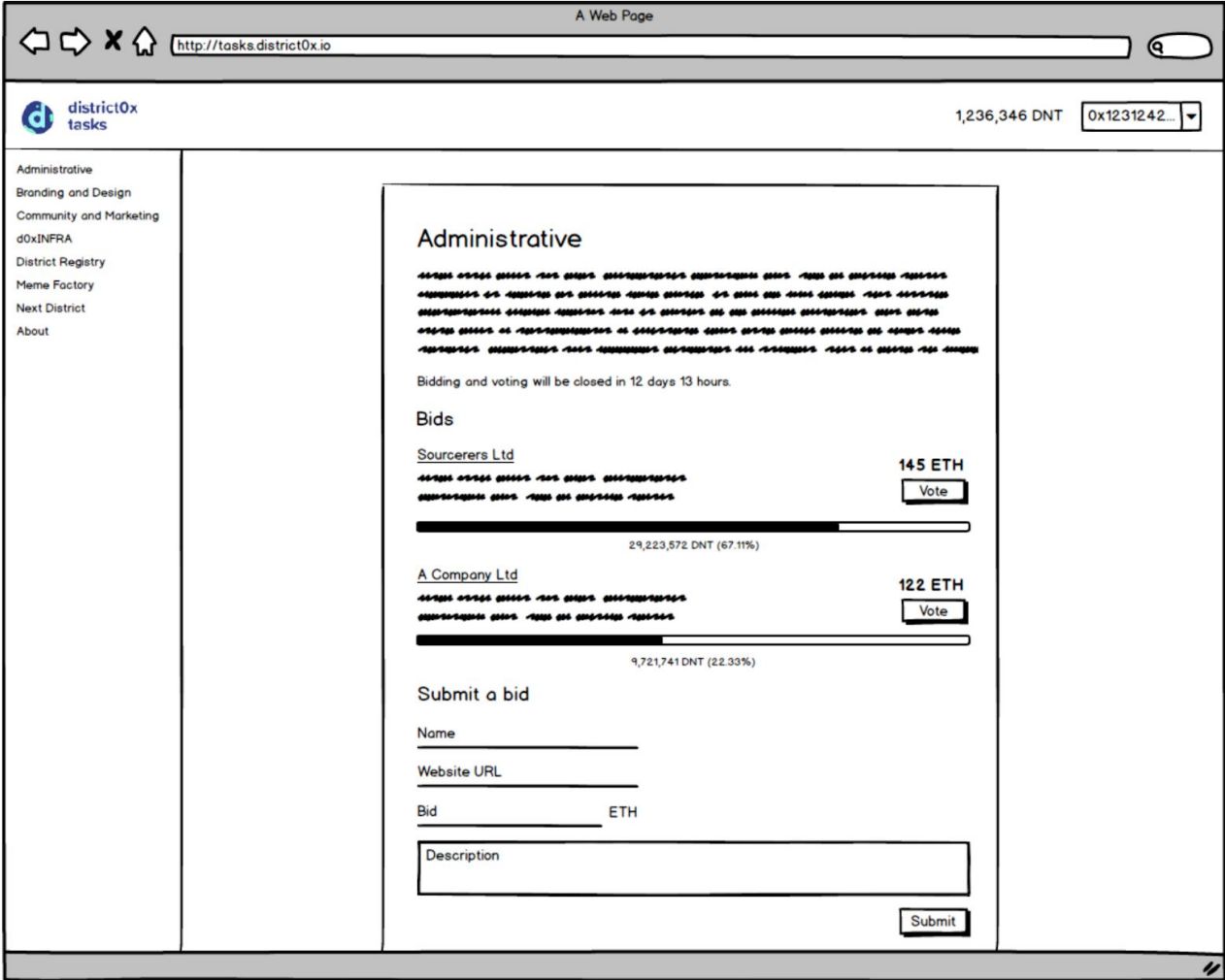
district0x: Decentralized

We feel it to be an appropriate time to revisit how the district0x project is run and the steps that have been taken to ensure that the project operates in a decentralized manner in perpetuity, in line with our originally outlined vision.

When we first started building district0x, we established an entity, district0x Ltd., to control the project's assets and intellectual property. With the goal of creating and supporting a decentralized network, it was clear from day one that we were not building a traditional company, but rather seeking to jumpstart an ecosystem that would ultimately rely upon a wide array of service providers to carry out the vision outlined in the whitepaper.

From the start, the district0x project has relied on various teams of contractors to carry out development and operational tasks. In recent months, five production studios have received contracts to build infrastructure and marketplaces that were outlined in the project roadmap. Most of the project's branding and design work has been conducted by Griflan Design. Administrative support and community management has been provided by Sourcerers.io, a strategic advisory consulting firm operating in the space since 2016.
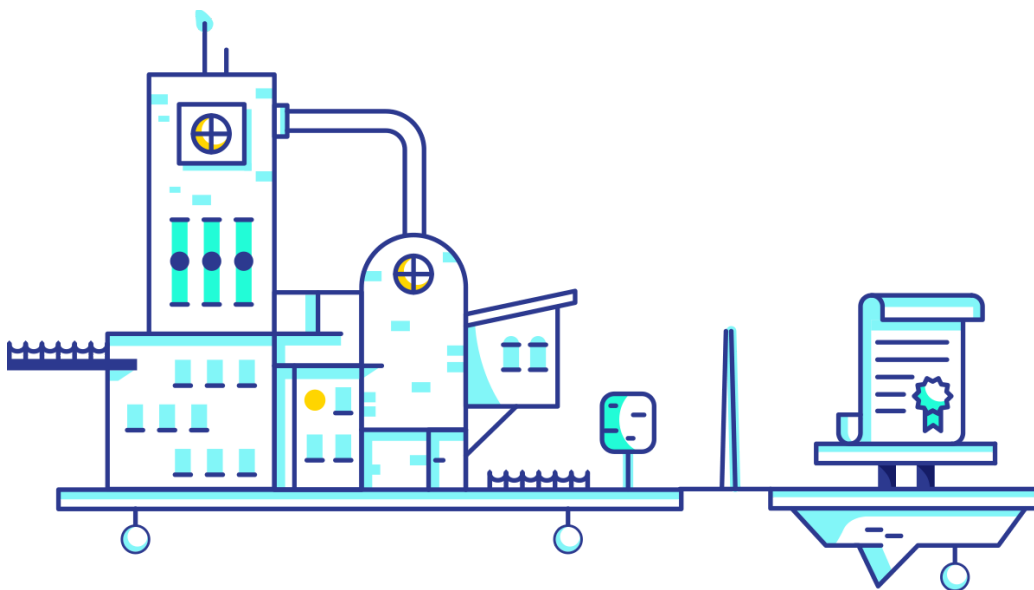
Consistent with its decentralized nature, district0x is continuing to work with a broader range of development teams. To assist in this, in the third quarter we are opening up the bidding process for work to interested outside parties, accepting proposals from teams for tasks of all types, including not only development of future districts and modules, but also administrative, marketing, or community management tasks. By leveraging a new DNT-powered dApp, providers will be able to render these services on any bids won based on the decisions made by token-holders.

A Web Page

http://tasks.district0x.io

district0x
tasks

1,236,346 DNT   0x1231242...

Administrative
Branding and Design
Community and Marketing
d0xINFRA
District Registry
Meme Factory
Next District
About

Administrative

Bidding and voting will be closed in 12 days 13 hours.

Bids

Sourcerers Ltd   145 ETH
                                                  [Vote]

29,223,572 DNT (67.11%)

A Company Ltd   122 ETH
                                                  [Vote]

9,721,741 DNT (22.33%)

Submit a bid

Name

Website URL

Bid   ETH

Description

[Submit]

In preparation for doing so, the operations staff from Sourcerers.io has spent time in Q2 collecting, updating, and polishing our internal documents, knowledge base, and various bits of tribal knowledge acquired while providing operational support for the district0x project. Like the code we output, we intend for this information to be made public and open source in the coming quarter as bids for work are opened up.

Product

For the second quarter of 2018, our focus was largely geared towards the construction of our upcoming district, Meme Factory. Additionally, we wireframed and designed several other applications necessary to the form and function of the district0x Network at large. Chief among these is the District Registry, which as described in our whitepaper will serve as a hub listing all districts within the network, and is particularly exciting as a visual cue to identify exactly what "districts" and the "network" *are* for the curious user.

Meme Factory

Last quarter, we completed the majority of the smart contracts that compose the backend of Meme Factory. This quarter, the entirety of the solidity work needed for Meme Factory was finalized and put up for security audit.
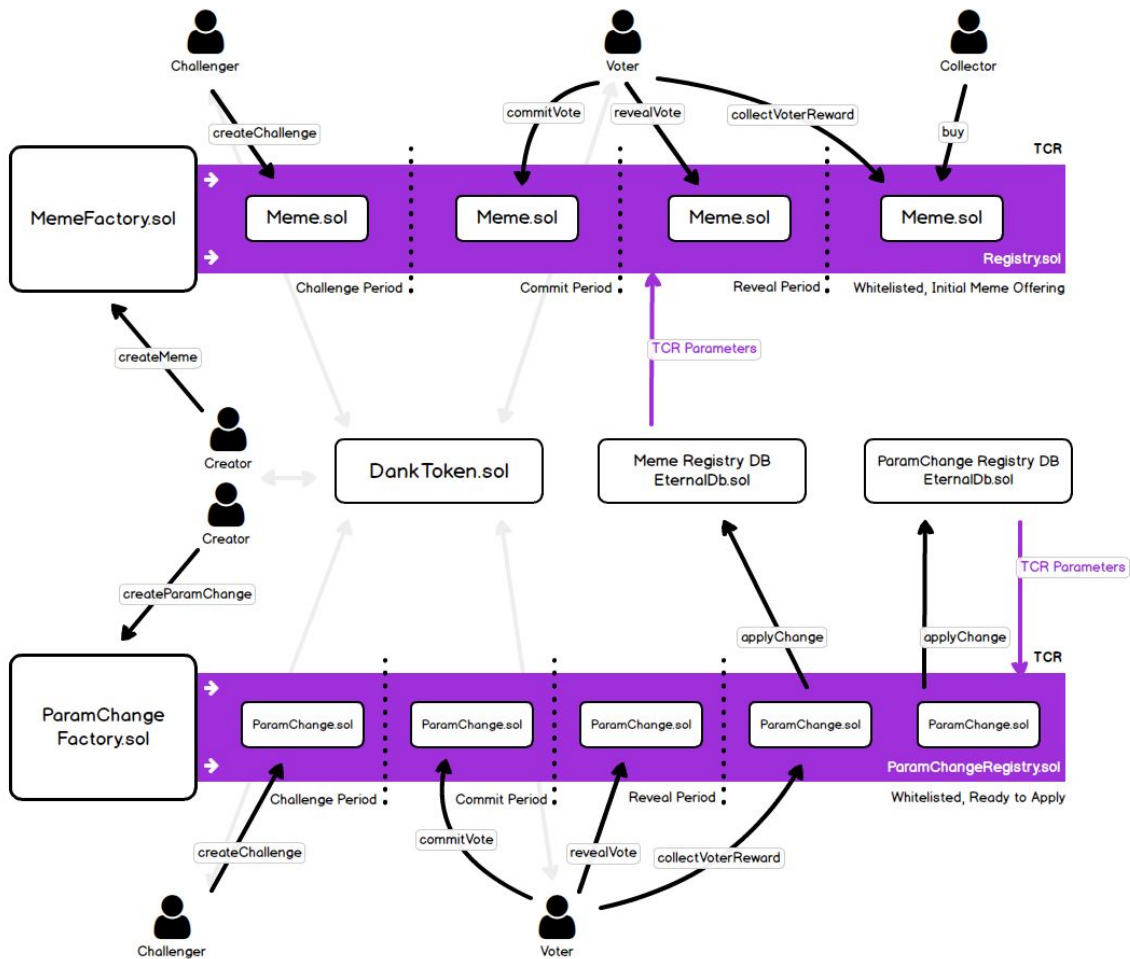
Additionally, we built a dozen or so of the individual pages needed for Meme Factory. This includes all of the functionality provided by our own Clojure/Clojurescript libraries as we move away from Material UI components. Of note is the Dank Registry voting page which includes various voting and reward claiming functions, the Meme submission form which carries our own drag and drop implementation for image uploads, and of course the marketplace where memes can be auctioned, sold, and re-sold.
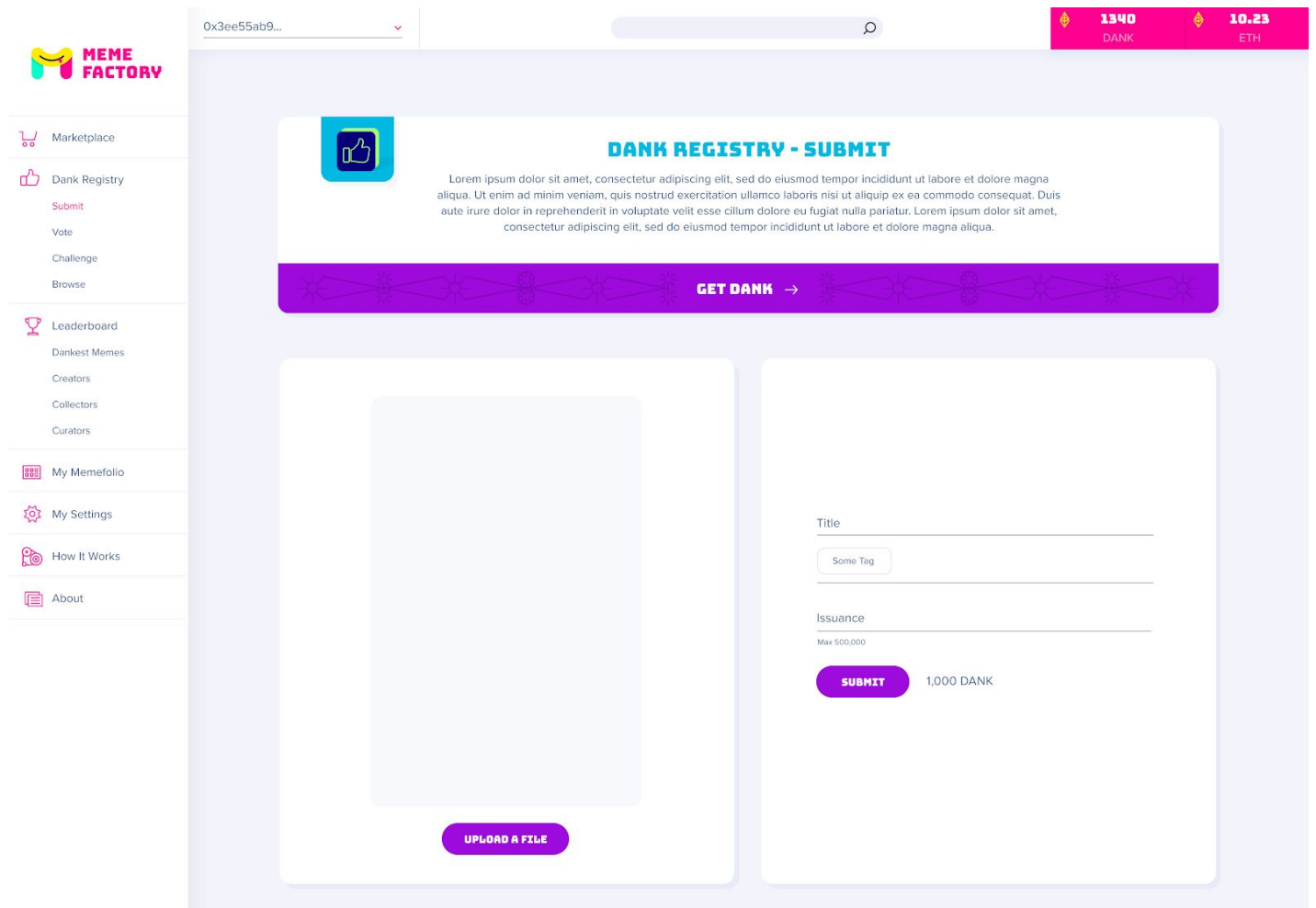
Finally, we have embarked on countless devops improvements throughout the construction of the server side components for Meme Factory. Similar to previous work with Name Bazaar, this will allow us to smoothly serve the content and notification experience that users are accustomed to despite the limitations the blockchain imposes.

District Registry

The District Registry is a token curated registry (TCR) designed to be the only point of access restriction for a marketplace participate in the district0x network. Powered by the district0x Network Token holders, the District Registry dApp will not only facilitate the admission and rejection of districts in the registry via Challenges and votes, but it will also be the interface through which users are able to stake their DNT to participating districts, as shown below.
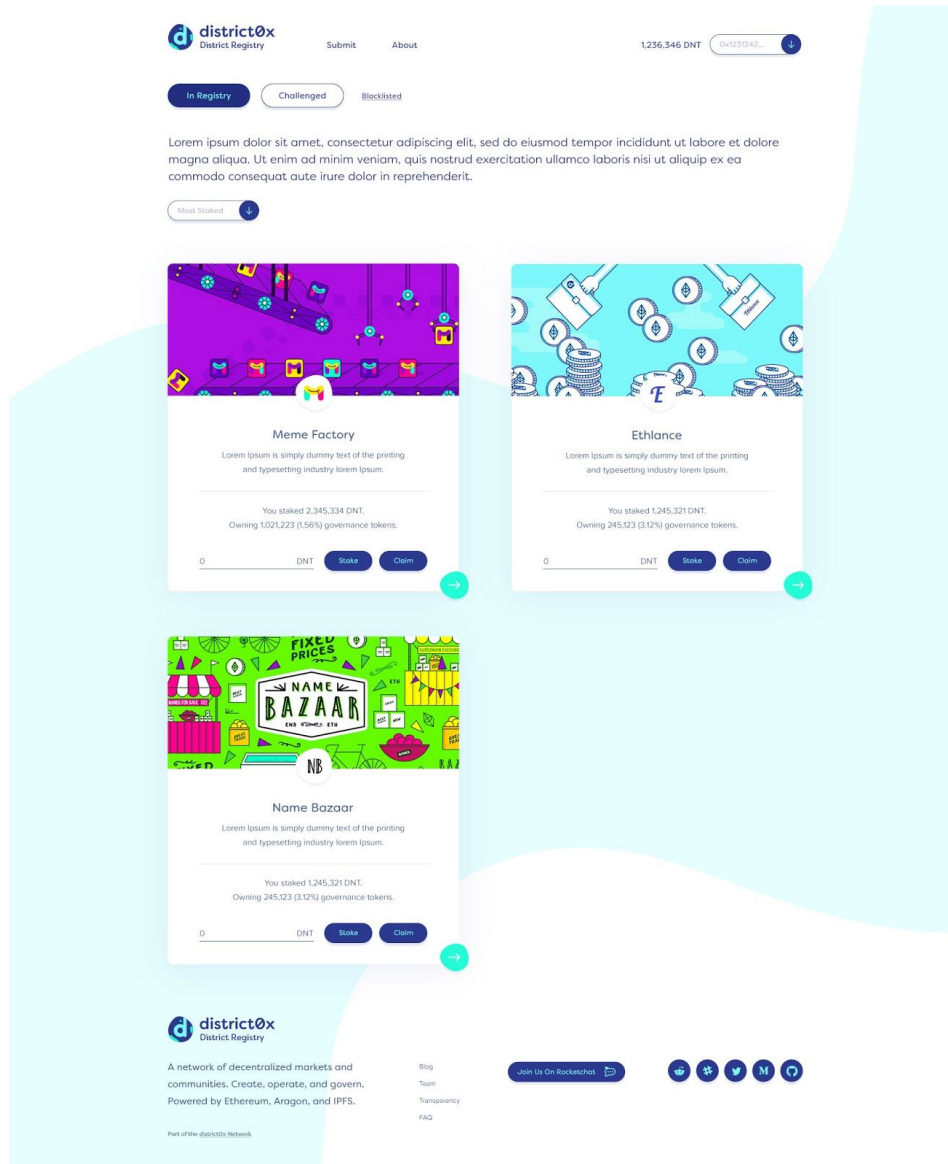

Astute observers will notice the deliberate similarities between our last update on the Education Portal and the design patterns leveraged herein.

Education Portal

In our previous update we introduced our plans to create a hub for informational content both specific to the district0x network and more generally the cryptocurrency ecosystem at large. In doing so, we hope to create a much more friendly space for newcomers and casual observers of the cryptosphere to learn the basics of the newest trends in the space. This provides us a unique and impactful strategy at the top-of-the-funnel that can get the real people we require to populate the user-facing dApps we make.

By offering free access to the information needed to understand this rapidly evolving space, we can focus on bringing in users on the outskirts of our network by clearly articulating the numerous benefits decentralization can offer. Our core goal is to uncover the needs, gaps in understanding, and pieces of friction of our end users which permit us to focus on accelerating network growth and adoption.
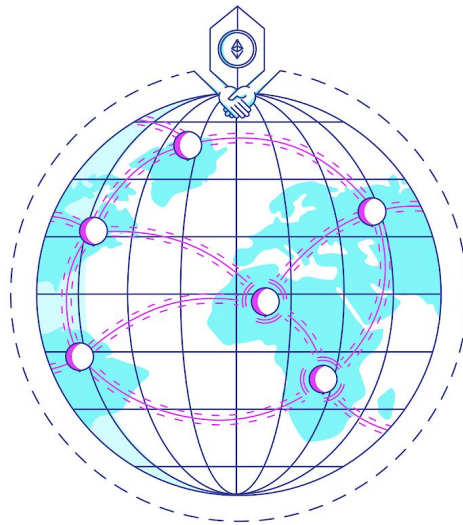
DISTRICT0X • HELPING TO BUILD THE SMART ECONOMY

This quarter we worked with designers and video crews in order to produce several educational videos complete with handwritten scripts and an entire new set of design assets for the district0x brand. We're in the final stages with animations and voiceover work for the last video needed for the initial release of the portal, which will include many written articles to support the videos produced. Phase 1 of the Education Portal will launch in Q3 of 2018, with many more planned additions to all types of content in the future.

Community

District Digest Streams
The District Digest continues to develop and push forward as the primary function for the community to gather and discuss what's been happening with the district0x Network. We've transitioned from a once-a-week schedule to a bi-weekly schedule, giving more opportunity to focus on development efforts while also helping space out any guests we may want to accommodate. Additionally, we developed some new editing formats which will help us create smaller, shareable videos for various social media platforms.

Slack/Telegram
Focus on chat platforms has shifted for most projects through the second quarter, and it was no different for the district0x project. The reliance on real-time discussion streams has subsided in the wake of recent developments across the ecosystem and general lack of "buzz". This created an opportunity for us to refine what exactly these lines of communication are best for - immediate feedback from supporters and product support for users. We removed Rocket.chat as a result of new EU privacy regulations, but still maintain Telegram for new users and Slack on an invite-only basis.

Twitter/Reddit
After showing impressive growth during Q1 on Twitter adding 10,000 followers (roughly 22%) we've continued to solicit interest not only in our own projects but also in projects across the space with daily tweets. Activity surrounding Ethlance, Name Bazaar, Meme Factory and the District Digest have comprised a majority of our Twitter activity. According to Twitter Analytics, we've amassed just over 45,000 impressions from 78 tweets in Q2, adding just under 5,000 new followers (~8% growth) bringing our total follower count on @district0x to over 60,000 followers.

Growth on Reddit has slowed over Q2 across the ecosystem and in particular our own district0x subreddit. We will continue to use it to solicit feedback, host AMAs, and field questions ahead of our live stream guests. We ended Q2 with just under 6,800 subscribers.

Medium
As in the past, Medium is the essential tool for official district0x team updates on the district0x project, as well as a platform more formal discussions of design and policy. According to Medium's analytics, we have 14,195 minutes read and 19,067 net views coming from an average of 88 readers a day.

Financials

Balance Sheet

ASSETS

CURRENT ASSETS*	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
ETH	-	$13,263,765	$49,089,290	$15,604,869	$18,915,299
DNT	-	$7,500,636	$28,004,579	$9,726,713	$6,996,913
DATA	-	-	$707	$230	$357
OMG	-	$123	$251	$125	$130
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	$25,912,700

*Based on USD values taken from Etherscan on the first day of the following quarter.

Income Statement

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

EXPENSES	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Contractor Wage Expenses	$0	$140,744	$178,430	$185,595	$388,255
Technology and Development Expenses	$0	$22,419	$129	$40,514	$14,987
Marketing and Sales Expenses	$0	$5,841	$2,999	$7,710	$18,357
General and Administrative Expenses	$0	$32,652	$6,911	$250,522	$97,196
Other Expenses	$0	$0	$600	$52,137	$107,527
TOTAL EXPENSES	$0	$201,656	$189,069	$536,477	$626,322
OPERATING PROFIT	$0	$13,263,765	-$189,069	-$536,477	-$626,322

Summary

The second quarter of 2018 was one of immense growth behind the scenes for the project. Our partner service providers hired numerous developers and received commitments from several more. All contributing teams met in Buenos Aires for a hack-a-thon. We built out the vast majority of the working code for Meme Factory and strategized on the form and function of other upcoming district0x Network dApps, two of which are now in active development. We also laid the groundwork for what we think is a unique and novel initiative in open sourcing our day-to-day operations and allowing any interested parties to submit bids to take on work on behalf of the project.

We look forward to continued progress in Q3 2018 towards our ultimate goal of delivering a platform which empowers the world by providing tooling to remove intermediaries from daily commercial activities and allow for the equitable distribution of value produced across the global human network.

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Learn More

For more information about the district0x Network:

- Check out our [white paper](#)
- Watch our [introduction video](#)
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- Subscribe to our [subreddit](#)
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