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This is the fourth interview in a series of text-based Q&A interviews with participants of the Lido Simple DVT trials. Today I interview Spacesider, an Ethereum solo home staker and EthStaker contributor who's participating in the current round of Lido Simple DVT trials.

Transcript

Eridian:

Today I'm speaking to Spacesider about their experiences in the Ethereum staking ecosystem, how they got involved in staking, and how they are finding the Lido Simple DVT trials so far. Spacesider, it's great to have you here.

Spacesider:

It's a pleasure to be here chatting to you, Eridian.

Eridian:

The first question I ask everyone is "When did you get into crypto?". I speak to a range of people for this Community Staking series and I want to show that everyone can get involved, whether you're a crypto OG or have joined the space recently.

Spacesider:

Great question! I studied computer science and it was during these studies (Sometime in 2013) that I had first heard of Bitcoin. One fellow student mentioned how they were mining Bitcoin on their gaming PC and how they are essentially getting free money by doing so because they are living at home and their parents are paying the power bill.

They explained how it is secured by SHA256 and how anyone can help secure it at any given moment and get paid for doing so, and that the network is not owned by any one person, but rather it is owned by "everyone", so you don't need anyone's permission to join. It sounded so interesting, so that night I went home and read up about it in greater detail.

As I learned more about it over the coming months, I decided to try my luck at mining it too. Sometime in early 2014. I joined a mining pool called give-me-coins and downloaded some mining softwares (called bfgminer, cgminer and cudaminer) onto both my gaming desktop and laptop, and just like that I started CPU & GPU mining Bitcoin.

I let it go for a few days and noticed that I was barely making anything because the network difficulty was already fairly high. The reason being that it was around this time that ASIC machines were hitting the broader market, so GPU miners like myself would not be able to compete. I eventually moved onto mining Litecoin where I was making a slightly better return, and when my luck ran out there, I then moved onto other coins such as Vertcoin and Feathercoin.

In 2015 when the market hit its low and all my mined coins were now worth maybe $50, I lost interest, declared cryptocurrencies as dead, and shut down my miners. At least it kept me warm throughout that winter though.

In late 2016 I discovered /r/ethtrader and thus Ethereum, but still thinking cryptocurrencies were dead because they never recovered from the 2014 market crash, I didn't pay too much attention to it. It wasn't until early to mid 2017 when the market picked up again that it once again took my attention and I got more involved.

Eridian:

I love that thought "I lost interest, declared cryptocurrencies as dead…" as it shows that even people who got in "early" didn't always follow a linear progression to where they are today. It's never too late to get involved in crypto, if the best time to start was in 2009, then the second best time is today!

So what is your background? Would you say you're more technical or non-technical? A lot of people assume that you have to be super technical to get into crypto, but a lot of people I speak to are not technical at all and still contribute enormously to the space. Where do you see yourself on that spectrum?

Spacesider:

Very much technical, as mentioned earlier I first found out about cryptocurrencies in a computer science course, and I have worked various IT jobs over the years with roles ranging from entry level helpdesk to a system/database/network administrator.

I do think that cryptocurrencies started off quite niche, but they have become far more mainstream since then, especially since 2017. Prior to this, the only people that I knew of that knew about cryptocurrencies were other technical minded people, and back then the entire space was basically single purpose, proof of work networks. There weren't that many ways to get involved, and most projects out there were just Bitcoin forks with either some variables changed like block size/block times, or they simply had a different hashing algorithm. Or both.

Nowadays you have networks like Ethereum that are general purpose, and there are so many different ways to contribute, whether you are technical or not. The number of projects running on Ethereum only seems to go up, and with it so does the number of opportunities. Sure Ethereum was around before 2017, but it is nothing like it is today.

Eridian:

I agree that the number of projects on Ethereum only seems to increase, it can be hard to keep up! How long have you been involved with Ethereum staking? What got you interested in staking specifically over the other dizzying array of rabbit holes that crypto has to offer?

Spacesider:

While I had both discovered Ethereum sometime in late 2016 and kept up with it in the following years, it wasn't until Q3 2019 that I really started to take a passionate interest in it, after I had come across David Hoffmans' "Ether: A new model for money'' presentation. I must have watched that video once a month until mainnet beacon chain genesis just because it sent such a powerful message, it was a constant reminder of just how big Ethereum would be.

In the presentation he spoke about the transition from proof of work to proof of stake, and how Etheruem would move towards being a "triple point asset". It already filled one definition of being a store of value because of DeFi protocols such as MakerDAO, but it didn't fit the other two, it wasn't a capital asset nor was it a consumable one. EIP-1559 (Fee burning) would make it a consumable asset, and proof of stake would make it a capital asset, completing the puzzle.

As mentioned earlier, I tried my luck mining proof of work coins in the past, but eventually I stopped because ASIC machines hit the market and I couldn't compete with that. ASIC's were very expensive, used a ton of electricity, and they would become obsolete not too long after you had purchased and received them, so you would have to constantly throw money into buying them just to keep up with everyone else.

But this doesn't happen with proof of stake, your ETH will never become obsolete and will always have value, whereas an ASIC has a very short life cycle. So hearing that Ethereum would move to proof of stake was huge, and so I followed its development very closely.

At one of my jobs they had a pile of computers in the server room, they were all end of life and thus were to be thrown into the bin at some point, and I managed to take a few of them home and save them from their fate. I moved the RAM from one machine across to another, threw in an SSD, and just like that I was able to run a cryptocurrency node. To see Geth successfully running on a core i3 from 2011 was definitely a great feeling.

When the Medalla testnet launched in August 2020 I participated by running a full node and one validator, and I also joined in on the short lived Spadina testnet in September 2020. So I have been around since the very beginning.

Eridian:

The longevity of Ethereum hardware was also a big draw for me too. I don't think creating ASICs that have a short lifespan and can't be reused for anything else is sustainable long-term. Even if a PoW mining machine runs on renewable energy, the environmental costs of creating and disposing of the ASICs every few months are enormous. The fact that Ethereum validators can run on a huge variety of standard consumer-grade machines is awesome.

What would you say is the biggest challenge facing Ethereum home stakers today?

Spacesider:

There are three things that I think may turn people away from solo staking.

1. Managing your own infrastructure. You need to keep on top of software updates, have plans in place in case you run into problems such as hardware failure or database corruption, and always be prepared to fix issues at a moment's notice, because if you don't then you will lose ETH until you do. This can also make things like travelling quite difficult.

For me personally this is no problem because I have done this very thing for large enterprises in my line of work, where downtime is lost revenue, but I can imagine how difficult this would be for others who don't have the same experiences. Especially if it is their first time using Linux and they run into a problem such as their machine not making it past the bootloader.

But, there are online communities where solo stakers can seek help, such as the EthStaker community. For many years now I have been helping people there with their technical problems, and being able to put my IT skills into use and give back to the community is such a great feeling and is so rewarding.

1. The APY. If someone is for example running just one validator and they are getting a 3.5% return, they might find that the return isn't enough to justify the stress of having to manage their own infrastructure, especially if they have to do something like replace or upgrade hardware which can in some cases be quite costly, so they may choose to exit their validator and potentially stake elsewhere where they do not need to run their own infrastructure.

But DVT addresses this, because if you run into problems and go offline, the cluster will still work, and you won't have that stress of having to drop everything and run to fix it, you will be able to calmly respond to the situation knowing that you aren't missing attestations or block proposals.

1. Taxation. In some cases people may find that the tax around staking can be quite troublesome. Especially due to the price fluctuations that can occur. I've heard stories of people who chose to stop solo staking because they would have to sell ETH to cover a tax bill, but the sale of that ETH attracted capital gains, so the next year they would have to do the same, sell more ETH to cover that tax bill, and so on. With price changes happening so often in the crypto space, they said it wasn't worth the headache and stress.

While there are projects where you can manually claim rewards, or chose when you want to cash out by manually making a transaction, thus making the tax liabilities much more predictable and easier to manage/forecast, this also introduces a new layer into your staking setup.

Eridian:

Since you mentioned it… let's talk about DVT! You're participating in the Lido Simple DVT trial, how did you hear about that and what made you want to get involved? Have you used DVT before this trial?

Spacesider:

I heard about the trials from you after we spent a lot of time together at ETHDenver 2023. After meeting and getting to know the teams at Obol, SSV and Lido I was added to the list of potential node operators. I love testing out new technology, and as I was already running my own Ethereum nodes, I didn't need to do a whole lot more except run the relevant DVT Docker containers and manually edit them to point to my already existing nodes and configure firewall rules. It was super easy.

Prior to this trial you and I ran many clusters as part of DVStakers, as well as spending a considerable amount of time during the ETHDenver Hackathon working on Obol. Which was challenging because you were writing the docs as we were going, so we had to figure everything out by ourselves. But that also makes it even more rewarding, because it was really exciting to see it working after we had spent so much time on getting it up and running. I still remember how happy I was when I saw our first successful DVT attestation between our nodes, with you being in the UK and me being in Australia, which on a geographical level is pretty much as far away as you can get.

Eridian:

How have you found the experience so far? Any thoughts you want to share or challenges that you've faced?

Spacesider:

So far it is going really well. As I have been part of the Lido trials from the beginning, I knew what to (mostly) expect for all the other ones after that. I am not really much of a Docker person, before these trials I only used it very briefly (I prefer to run the software in a virtual machine), so I have been learning about Docker while I go, which has also been both a fun and new experience.

I did run into a problem with the SSV DKG process, where you need to publicly list the IP address of your DKG endpoint. This wasn't something that I was interested in doing as I run my infrastructure from home, which would mean if I did this, then my home IP would be publically listed to everyone on SSV's website with my username attached to it too. So that specific part of my SSV setup is run in a data centre as the DKG and the cluster itself don't have to be on the same machine, but as someone who prefers to host everything from home, this wasn't something that I wanted to do either.

However, in the short time frame from me finding out that this was a requirement to when it needed to be completed, there weren't many other options available for me. I would like it if that process was a bit more straightforward like Obol's one, where you just spin up the cluster and you don't need to list your IP anywhere, and the cluster will automatically find the other DKG participants via a relay.

Eridian:

Lido is often portrayed as an existential threat to Ethereum, but the reality is more nuanced. While there are a range of improvements Lido can and is making, the one I want to focus on today is its goal of increasing the number of node operators. Simple DVT is a big step towards moving from 10's of permissioned node operators to 1000's of permissionless node operators. What are your personal thoughts on this topic? And since being involved in the Simple DVT trial has your opinion of Lido changed?

Spacesider:

I think this initiative is great. People who are not affiliated with Lido such as myself will be able to run validators on their

behalf, allowing for their share of the network to become more spread out, hopefully to people who are solo stakers. However the question still remains, who will be in control of the ETH? Who will be in control of the withdraw address for the validator/cluster? If the answer is still Lido, then fundamentally things are the same. Sure the validators have been shifted from permissioned node operators to permissionless DVT operators, but they still have a very large holding of all the staked ETH on the network.

But also, the reason that Lido exists in its current state is that there is demand for these kinds of products, so we also have to ask ourselves why would people rather use LST's instead of solo staking or pooled staking? Maybe with the rise of DVT we will see more distributed home stakers come onboard.

My opinion of Lido hasn't changed a whole lot because we are still facing the situation where a single entity has almost 33.3% of the staked Ethereum in their control. Even with DVT and permissionless operators, this still remains the same. I would love to see Lido self-pledge not to have more than something like 25% or 30% of all staked ETH, because then they would be putting the Ethereum network first and not their own bottom line. But the only way this can happen is if LDO holders vote for this to change, and in my opinion there is no way they will ever vote for that kind of proposal in the affirmative, because it would hurt them financially, and no one wants to lose money.

Eridian:

As a solo staker running machines from home you are a small subset of the total participants in this current trial. What would you say to other solo stakers who might not have heard about the opportunity to become a node operator with Lido? There is another trial coming up in early 2024 and my personal goal is to significantly increase the number of home stakers, so I'd love to hear your thoughts on this.

Spacesider:

If you're already running your own nodes from home, then you should have a think about joining in on this initiative. You will be bringing validators out of data centres and into the home, helping to decentralise the network further. Even if the stake is ultimately controlled by Lido, the validators themselves will be spread out with the added bonus of them being DVT validators, and that in itself makes them so much harder to tamper with.

DVT will help strengthen the Ethereum network and help to create a more robust Ethereum. If you aren't entirely sure about joining in on this as a node operator, then you may want to have a think about participating in the upcoming trial, from there you can reassess and make a decision afterwards.

Eridian:

Thank you so much for taking the time to talk to me today and share your thoughts and opinions. Home stakers are a crucial part of the Ethereum ecosystem and it's inspiring to hear your story. In sharing your thoughts today, you are inspiring the next generation of home stakers. And finally, is there anything else you'd like to talk about? Any projects or communities you're involved with that you'd like to share here?

Spacesider:

It's been a pleasure! I really enjoy talking about this kind of stuff, there isn't anyone in my day to day life that has any kind of interest in this, so it is always nice to chat with like minded people.

I'd like to share the following projects:DVStakers, an educational DVT community. Staking Directory, a community maintained directory of Etheruem staking providers. And of course, EthStaker, an educational staking community with the goal to maximise decentralisation of the network.

Eridian:

Thanks again for taking the time today. Good luck with the Simple DVT trial and I hope we can catch up again in the future when mainnet validators are up and running through Simple DVT!

Links

- https://twitter.com/spacesider
- https://www.dvstakers.com
- https://www.staking.directory
- https://ethstaker.cc
- Lido Simple DVT Explained

About Eridian:

I'm Eridian, and I'm an Ethereum staking enthusiast. I wrote and maintain the EthStaker Knowledge Base and I've worked on a number of Ethereum staking-related projects such as DVStakers and Staking Directory. While participating in the Lido DVT trials, I decided to apply for the role of Community Lifeguard. The role is outlined in this forum post and the TLDR is that I don't work for Lido, I'm a community participant who is compensated via a LEGO grant for my contributions to the Lido community. All opinions are my own, I simply want to support the diversification of the Lido node operator set, enabling thousands of solo stakers to participate in validating Ethereum.