

Lido DAO Core Contributors Provisional Budget

A discussion has been ongoing since the beginning of June 2022 for the Lido DAO to diversify its treasury to secure runway for 1-2 years in the form of stablecoins so that the project's current R&D and business functions can continue to operate regardless of macroeconomic conditions. This post aims to inform the Lido DAO and community on the overall compensation & operational cost of Lido's core contributors across its total of 20 core contributor workstreams, not just the 3 currently funded by the [RCC](#).

Workstreams will be consolidated together to form core units, underpinned by a to-be-developed core unit framework.

Call to Action

- Discuss treasury diversification, then based on feedback, proceed with appropriate proposal
- Work with community to develop holistic financial model for Lido DAO

Context

As a Decentralized Autonomous Organization (DAO), the Lido DAO is a sprawling, unusual, yet new kind of organization that faces its own set of complications that needs to be solved to make sure Lido maintains its position as a market leader in the Liquid Staking (LS) market.

There are currently about 75 full-time contributors contributing to the Lido DAO.

While the Lido DAO has been directly funding compensation and operational expenditure for 4 out of 20 core contributor workstreams (Business Development, Node Operator Management, Marketing, and 1 Advisor when cliff/vesting permits) currently compensating the workload and operational expenditure for 11 full-time contributors via the Resourcing and Compensation Committee (RCC) formed in the beginning of Q2 2022, the Lido DAO has not had to realize the cost of 16 out of 20 total workstreams actively contributing to the Lido DAO as core contributors.

*3 workstreams (Finance, InfoSec, and Product Management) are being formed and currently have no active personnel; in this budget, InfoSec and Product Management will hire no personnel.

Budget

The table below gives a provisional depiction of the total cost of each workstream (WS), headcounts, and operational expenditure for the entire set of Lido core full-time contributors (FTCs) at our current headcount plus those being onboarded, and general trajectory.

[

image

693×638 19.6 KB

](<https://europe1.discourse-cdn.com/business20/uploads/lido/original/2X/d/d55310b11662936e66ec994f68227064b37016e3.png>)

Static Google sheet found [here](#).

We're still pending a few potential inputs and checks from teams, so there may be slight updates by the end of the week, though it is expected that they will not be significant. Any updates/edits will be clearly noted in a response, with the original post edited.

LDO Long-Term Incentive (LTI) Calculation

- $$\left[\left[(\text{Base ANNUAL Compensation}) * (\text{K-COEFFICIENT}) \right] / \text{LDO 30D TWAP PRICE} \right] / \text{LDO VESTING PERIOD (YRS)}$$
- Founding team members/developers opt out of LDO LTI in this budget; this is for those onboarded after genesis, so calculation can't be applied straight to department base comps per se.
- LDO 30D TWAP on 07/10/2022 was \$0.588681
- K-COEFFICIENT for engineering teams is set at 2, for business teams at 1 with some given up to 1.75.
- LDO VESTING PERIOD is a 1 year cliff with 3 year total sequential monthly vesting.
- Founding team members/developers opt out of LDO LTI in this budget; this is for those onboarded after genesis, so calculation can't be applied straight to department base comps per se.

- LDO 30D TWAP on 07/10/2022 was \$0.588681
- K-COEFFICIENT for engineering teams is set at 2, for business teams at 1 with some given up to 1.75.
- LDO VESTING PERIOD is a 1 year cliff with 3 year total sequential monthly vesting.
- LDO LTI has begun for those under the RCC now from workstreams in lines 1, 2, and 3, though a separate change to some of those LTI schemes will be included in the RCC-2 proposal for Q3-2022 coming soon; for the rest, they will begin after the budget is enacted into motion via Core Unit Framework.

WS: Node Operator Management

The Node Operator Management team guides Lido's strategy and operations regarding validators and node operators. It facilitates the processes of operator onboarding, evaluation, and continuous monitoring, and regularly updates the DAO on the performance of Lido's operator sets. From a protocol evolution perspective, it works together with the technical Lido teams identify and implement the path for Lido to grow into a maximally decentralized, trustless, and permissionless state across various proof-of-stake protocols.

WS: Business Development

The Business Development unit works to expand the penetration of Lido's staked assets across the Decentralized Finance ecosystem through integrations business development, tactical initiatives that increase Lido's network effects and increase Lido's staked capital base, protocol expansion, tradfi/CEX integrations, and generally maintaining relationships with partners and community stakeholders on an ongoing basis.

WS: Marketing

The Marketing unit works across the entire spectrum of Lido's marketing, community, and public relations presence. This includes organizing and delivering on event / conference participation and themes (i.e., ETH Amsterdam, ETH Barcelona, EthCC), sponsorships that expand awareness and usage of Lido's products, management of Lido's community, general public relations with crypto, traditional, financial, and technology press, marketing agencies, and overall big picture strategic marketing projects aimed at supporting the execution of Lido staked asset penetration and staked capital base growth accordingly in the fast, rapidly moving crypto space.

WS: Lido on Ethereum Protocol Engineering

Lido on Ethereum Protocol Engineering is a team that develops Ethereum liquid staking protocol and focuses primarily on specs and smart contracts development. The unit consists of solidity/vyper devs and full-stack devs with a frontend/solidity focus.

WS: On-Chain Operations

The team's role is handling DAO on-chain operations: preparing, launching, and coordinating on-chain and snapshot votings, developing requirements for new governance primitives, multi-sigs management, due diligence of smart contracts related to Lido DAO operations, and coordinating protocol upgrades.

WS: UI

The UI team builds user interfaces for staking with Lido and helps different protocol teams with widget development. The UI team is also in charge of UI Kit, Wallet Kit, and all the Lido landing pages.

WS: Tooling

The tooling team focuses on developing oracles, bots, and APIs for Lido on Ethereum protocol. On top of that, the team is launching and maintaining Lido ethereum testnet deployments which are used as an environment for app testing and node operator onboarding.

WS: QA Testing

The QA team is responsible for assessing UI apps to ensure quality standards are met. The team works on new features alongside devs, starting from reviewing requirements to building automated acceptance tests. At Lido, the QA team also owns the release management lifecycle, which includes coordination of devs, product managers and DevOps.

WS: Integrations

The team focus is stETH token integration to DeFi protocols, technical support of the liquidity mining program, and maintaining the integration guide for protocols, wallets, and exchanges.

WS: DevOps

DevOps team is responsible for delivering off-chain apps and updates, ensuring uptime for all services (such as staking widgets, oracles, and APIs), perform infrastructure management and incident handling.

WS: Automation

The automation team is wearing two hats: SDET with a focus on oracle and bot automated testing in favor of different Lido-on-X teams and automation engineers with on-chain monitoring, alerting, and anomaly detection focus.

WS: Analytics

Analytics is a team that helps DAO to make data-driven decisions. The team primarily focuses on collecting and analyzing on-chain data to uncover product and operational insights.

WS: Ecosystem Support

The team focuses on supporting contributors who help improve Lido and the surrounding staking ecosystem by providing grants and enhancing communication between different Lido-on-X teams.

WS: HR

The HR unit manages all aspects of contributor relationship management / well-being / satisfaction, onboarding/offboarding procedures, hiring & layoffs, and generally supporting and empowering Lido's most valuable asset - its human capital.

WS: Legal & Operations

The Legal & Operations unit focuses on developing suitable structure that can shape-shift and conform to Lido's nature as a sprawling DAO, building out suitable, effective internal procedures that ensure efficiency and delivery of complex projects, and supporting all other units in execution of their objectives and key results.

WS: InfoSec

The Information Security workstream will protect sensitive Lido internal contributor information and accounts from unauthorized activities, including inspection, modification, recording, and any disruption or destruction. The goal is to ensure the safety and privacy of critical data such as customer account details, financial data or intellectual property. InfoSec will own the process of account onboard/offboarding end-to-end and ensure safe and secure use at all times.

WS: Product Management

The Lido Product Management workstream will work on the business process of planning, developing, launching, and managing Lido products and services, with the aim of facilitating between business and technical workstreams to improve user experience, build a more robust product workflow and user story, as the Lido protocol and brand expands the penetration of stAssets across DeFi and launches the Lido protocol on new blockchains.

WS: Finance

The Finance unit, currently without any personnel and actively seeking out a Head of Finance to source the Lido community's existing established talent, will work to actively analyze and report on Lido's overall finances, including all grants, operational expenditure, and more, and reconcile that with Lido's incomes to develop sustainable financing plans for the project at large.

OpEx: General

A team of 80 requires a healthy amount of Operational Expenditure annually to account for expenses taking into account the nature of the contributors working on Lido. This includes: Legal advice on working for a DAO for contributors, anticipated legal costs, reimbursements for multisig executions & other gas costs, recruiting/referral/sign-on bonus (only applicable in the optimistic scenario), contingency, SaaS / Cloud / etc, travel / team offsites (an important one to maintain team morale amidst volatility, and english studies to ensure integration of pristine local talent with our global contributor base. The OpEx is generally the same as that passed in the RCC proposal, but covers a greater magnitude of contributors.

OpEx: Emergency Relief

The Emergency Relief Fund will be used to support Lido contributors who face financial hardships due to natural disasters, federal emergencies, or personal hardships.

OpEx: Eth Audits

All Lido protocol upgrades and new releases should be audited by the industry-leaders in blockchain security. Lido team is constantly working on improving the protocol, so at least one audit every month is required, and in the case of significant releases, two or three are required.

OpEx: Eth Bug Bounties

Lido works with immunefi.com as a bug bounty platform. The bug bounty is an important part of Lido security which incentivize security researchers to submit vulnerabilities to Lido instead of black market. The program covers its smart contracts and apps and focuses on preventing loss of user funds, denial of service, governance hijacks, data breaches, and data leaks.

OpEx: Marketing Expenditure

Lido needs to lean hard into its early mover advantage by investing heavily in brand strategy and development, content creation and event sponsorship opportunities. At the same time as standing up an expanded marketing function, we will be looking to improve our efficiency of spend and find scalable repeatable actions that drive measurable results. This figure is slightly reduced from the \$1.8M budgeted in the RCC, taking into account market conditions.