Coalition for the optimization of block building algorithms in Ethereum

If block building is strictly competitive, I think we will come to a point where it is very expensive to continue optimizing the algorithms and then only a few teams will be able to participate and still earn consistent profit. I've been thinking about possibilities for collaboration, which I found not very straight-forward, but now I have some intuitions that I want to share. So, what about this?

Code

We have a free software repository with the current Flashbots[block building code](block building code).

People can submit their optimizations to the algorithm privately. These submissions are reviewed by the members of the coalition, and when one is approved, the algorithm is deployed in production.

After one month of the deployment, the code is published in the repository.

Members

The coalition is seeded by Flashbots employees, most likely @mateusz and @vitaliy.

Every time an improved algorithm is approved, the author is added to the coalition.

The members are responsible for maintaining the repository and reviewing new submissions. Their goal is to have many members, with a healthy development process so that the block building can continue improving.

Funding

The coalition is funded retroactively.

The builders take no direct money from the blocks, they send all the profit to the searchers, the proposers, and the users. So it's on the best interest of these three beneficiary groups to appropriately fund the block building coalition.

Every month, the coalition prepares a report with the amount of money that the algorithms they maintain have distributed in all directions. Together with the report, they start an open funding round to be rewarded for their work, in whatever proportion the beneficiaries consider fair and that enables the continuation of the operation.

The funds are distributed to the members of the coalition. 50% goes to the authors of the algorithms that have landed blocks during the past month, proportional to the number of blocks. The other 50% is split equally to all the members of the coalition, rewarding their past contributions and incentivizing them to continue maintaining the repository.

Block building decentralization

Take a look at SUAVE and our plans for a future of block building decentralization, which make many of the concerns from this post to just go away.

This coalition can also actively participate on the development of SUAVE, and keep an active role once it is in production, slightly different to the one proposed here.