Summary

[Allez Labs](), a team of longstanding Aave risk contributors, solicits community feedback for a 6-month engagement with Aave DAO. Our goal is to deliver continuous risk management and R&D to the DAO. We aim to maintain and improve Aave's strong risk standards and support Aave's growth and development with a risk conscious approach.

Who we are

Allez Labs is a team of data and risk experts with deep experience with Aave and its community since 2019. We have been involved in nearly all risk events that have affected the protocol.

Allez Labs' founding members

[Alex BertoG](): Former Risk Lead at Aave Companies, as part of the Genesis team, Alex has been pivotal in establishing and evolving Aave's risk frameworks. Her extensive expertise allowed her to make significant contributions securing Aave's stability and facilitating its growth. Over nearly four years, she was instrumental in establishing the DAO's risk frameworks, setting V1 & initial risk parameters, onboarding risk providers, contributing to Aave's design, managing crises, and supporting the launch of GHO. Socials: [twitter](), [linkedin](), [lens]()

[Khaled G](): Former senior analyst at Block Analitica, he also worked as a quantitative researcher at Aave Companies for over a year under Alex's leadership. He contributed to Aave by building quantitative risk frameworks, reviewing and providing feedback to service provider proposals/parameters/methodologies, developed from the ground up a simulation engine for Aave and the relevant DeFi primitives, helped manage crisis situations, contributed to GHO's initial parameters and designed the first version of the GSM. Socials: [twitter](), [linkedin]()

Matt Cole*: Former Staff Engineer (Data Scientist) at Aave Companies for the past two years, working on the risk team and later leading data efforts for Aave and GHO internally. He has constructed comprehensive Aave, GHO, and DeFi databases, assisted protocol engineering through simulations and quantitative analysis, and contributed to risk efforts by estimating impact of parameter changes and responding to crises. Previously Matt worked in digital market auction design as well as in traditional finance conducting collateral modeling. Socials: [twitter](), [linkedin](), [lens

](https://hey.xyz/u/mcsquared)*available March 29th 2024

Our Mission

Our mission is simple - to deliver the research, data, and tooling to best position our clients for success in the ever changing DeFi ecosystem. We will achieve this through thoughtful and deep quantitative and qualitative analysis, community engagement and empowerment, and promoting a culture of transparency and collaboration. By integrating these principles into our approach, we envision a future where Aave sets new industry standards for risk management and operational excellence, driving sustainable growth and securing user trust across the DeFi ecosystem.

Our Values

Impactful Contribution:

Allez Labs prioritizes areas where our expertise can significantly enhance the protocol's stability and growth. Through strategic focus and dedicated effort, we believe that our work can lead to substantial improvements, driving Aave towards achieving its full potential in the DeFi landscape. Our roadmap adapts based on the most pressing needs of the DAO, and where we can have the greatest impact.

Community-Centric Innovation:

Our approach to risk management is deeply rooted in serving the community. We utilize transparent, robust methodologies to deliver risk recommendations that are both effective and intuitive, reflecting the dynamic nature of DeFi markets and the needs of the DAO. Allez Labs is committed to democratizing access to risk insights, offering the community tools and reports that require deep expertise and data to build yet are accessible to the wider community. By focusing on clarity, we will empower the community with the knowledge needed for sound decision-making, thereby contributing to a more resilient and vibrant Aave ecosystem.

Transparency:

We champion transparency as a pillar of the DeFi ecosystem. By fostering the development and adoption of transparent methodologies, such as open sourcing code and frameworks, we aim to create a culture of mutual growth and innovation. This philosophy is rooted in our belief that progress in the DeFi space is a collective journey, propelled by shared knowledge and collaboration.

Empowering Autonomy:

Central to our ethos is the goal of minimizing dependency on any single service provider, including ourselves. We envision a future where the Aave DAO is equipped with the knowledge and tools to independently manage risk. To this end, we are dedicated to open-sourcing our data pipelines and models, ensuring that our contributions have a lasting impact and support the DAO's journey towards self-reliance. Our objective is clear: to build a foundation that not only serves immediate needs but also empowers future generations of the Aave community.

Our approach as a risk provider

Our focus is on providing clear, actionable risk management insights that enhance understanding of the interplay between growth opportunities and potential risks. Through transparent methodologies and open communication, we commit to empowering the Aave DAO with the knowledge needed for informed decision-making, thereby fostering a proactive, risk-aware community.

Our mission is aligned with the evolving priorities of the Aave DAO and its stakeholders. Whether the focus shifts towards GHO, Liquid Staking Tokens (LSTs), Liquid Restaking Tokens (LRTs), or other areas of interest, Allez Labs is dedicated to adapting our resources to meet these needs. By maintaining a flexible approach, we ensure that while we concentrate on the DAO's current priorities, we also keep a vigilant eye on the broader risk landscape. Our goal is to provide targeted, relevant contributions that not only address immediate concerns but also strengthen Aave's resilience and strategic position in the long term.

Proposal

Allez Labs proposes to partner with Aave DAO, leveraging our extensive experience in risk management and our commitment to open-source principles to enhance the protocol's stability and growth across Aave V3 and GHO. Our mission is to protect Aave from a broad spectrum of risks through employing a holistic strategy that not only focuses on mitigating immediate threats through qualitative and quantitative modeling, but also on embedding long-term risk management solutions into the protocol's design. With a focus on transparency, community engagement, and open-source development, we pledge to empower the Aave community with the knowledge and tools necessary for informed decision-making, fostering a more robust, inclusive, and thriving ecosystem.

Scope

Aave V3

- Asset Listing Support:

We will provide analysis for new asset listings on all V3 markets for all assets that pass the Temp Check stage.

- New Deployment Risk Assessments:

Aave V3 is now active on 10 chains and we anticipate the DAO will vote to explore additional networks in the upcoming year. As such, we will provide market risk and liquidity assessments for new deployment proposals as well as initial assets and parameterizations for these new networks.

- Ad Hoc Parameter Recommendations:

Recognizing Chaos Labs' effective and proactive adjustments to market parameters, Allez Labs will offer supplementary analyses and strategic recommendations for V3 market parameters, targeting enhanced ecosystem stability and refined risk management.

- LRT Listing Framework:

As Liquid Restaking Tokens become increasingly popular, Allez Labs will create and publish a LRT listing framework with support from the greater Aave community to best onboard and manage these assets within the Aave ecosystem.

GHO

- Aave V3 Facilitator Parameterization:

This includes parameter recommendations to manage market and liquidity risks, while ensuring GHO's competitiveness. Parameters to be tuned are borrow cap, interest rates, and stkAAVE discounts.

- GHO Peg Stability:

Our team will develop strategies to minimize peg volatility and drive GHO growth through renewed trust in GHO's stability, allowing for increased GHO borrow caps. We will work with the GHO Liquidity Committee to supply relevant GHO peg analysis and data.

- GSM Parameterization:

Adjust the GHO Stability Module parameters to most effectively support GHO's peg.

- Support Cross-Chain GHO Rollout:

Allez Labs will conduct analyses to assess and mitigate risks associated with the cross-chain expansion of GHO, guided by the initiative and framework set by Aave Labs.

Protocol

- Risk Steward:

Take on the role as the second service provider on the risk steward multistig.

- Incident Response:

As needed, when emergency security threats arise, we will provide guidance, threat and impact analyses in order to mitigate the threats.

- Automated Risk Management:

We will work with other risk providers and stakeholders to begin development of risk parameter automation strategies to streamline the DAO's risk process where the trade offs are clear. These may include: * Automation around WETH interest rate parameters which are primarily driven by LST yield

- Automation around Supply and Borrow caps for new deployments

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- Automation around Supply and Borrow caps for new deployments

Roadmap

- Immediate:

Ad hoc risk parameter recommendations for V3 Ethereum, Arbitrum, Optimism, Polygon, and Avalanche markets, support for GHO related items, assume risk stewardship responsibilities, new deployment risk assessments.

- Short-Term Objectives (First 3 Months):

Active risk parameter recommendations on GHO and all remaining active V3 markets, support for GSM parameterization and remaining GHO items. Risk analysis work for cross-chain GHO.

- Med-Term Objectives (Following 3 Months):

Automated risk management development report, LRT listing framework publication.

Requested Budget

For the operations of Allez Labs over a 6-month period a budget of $400,000 is proposed. This budget will enable us to cover operational costs including, but not limited:

- Legal fees

- Node and data provider subscriptions

- Cloud costs

- Salaries, and hiring of additional analysts and developers as needed

Terms

- 6-month engagement

- 400,000 GHO streamed linearly throughout the engagement

Evaluation Metrics

From the DAO's experience with service providers, inspired by BGDs proposal, the following metrics are good measures of

performance:

- Monthly recaps of Allez Labs' contributions to the DAO with tracking of the progress on the scope and various contributions.

- Provable participation and/or delivery of the projects described in the scope.

- Direct or indirect participation in projects of other fields of contribution.

- Feedback from other contributors and DAO members.

- Direct and transparent engagement with the DAO via this governance forum.

Next Steps

1. Engage with the community and other service provides to refine the proposal

2. Escalate the proposal strengthened by stakeholders' feedback to ARFC

3. Execution upon approval

4. Immediate support for GHO, Aave V3 Ethereum, Arbitrum, Polygon, Optimism and Avalanche.

5. Support for all Aave V3 markets along the timeline proposed.