

# Operations subDAO Mandate 3.0 Proposal

With a successful second term of the Operations subDAO (“Ops subDAO”) ending in January 2025, the Ops subDAO has created this DRC to request \$23.3M of funding from the dYdX Chain community treasury to fund the Ops subDAO operations for an additional 36-month term – Ops subDAO 3.0.

This proposal will highlight the progress of the Ops subDAO in completing the objectives in its 2.0 mandate and explain how the requested funding will be used to support the dYdX Chain community over the next 3 years. The new mandate will allow the Ops subDAO to build on its strengths and expand its responsibilities to provide key infrastructure for the dYdX Chain community.

## TL;DR

- The Ops subDAO is proposing a \$23.3m budget for 36 months starting in January 2025
- Mandate 2.0 deliverables have been completed or are being supported on an ongoing basis
- Mandate 3.0 will focus on dYdX Chain infrastructure and front ends with technical team expansion to continue improving reliability and resilience
- The Ops subDAO will first share a text proposal for the dYdX community to confirm the extension and funding of the Ops subDAO mandate and a funding proposal will follow at a later date to implement the approved funding

## Context and Team

On June 19, 2023, the dYdX Chain community approved the 2.0 mandate of the Ops subDAO. The 2.0 mandate focuses on ensuring that the dYdX DAO has the resources, tools, and infrastructure it requires to ensure the smooth operations of the dYdX Chain.

So far, the Ops subDAO has achieved the main objectives of the 2.0 mandate with a lean but highly effective team.

5 directors:

- Web3 Studios GmbH - [Areta.io](https://areta.io)
- Christoph Sonn
- Joanna Pope Consulting Ltd.
- Shaun Musuka
- Valentin Prossliner (also a core contributor).

1 supervisor:

- Joseph Axisa on behalf of Axis Advisory

5 core contributors who carry out the day-to-day activities of the Ops subDAO:

- Valentin Prossliner - Operations Lead
- Piotr Świąś - Site Reliability Engineer
- Stan Banchev - Community Lead
- Rudi Mocnik - Technical Associate
- Ilan Melendez - Technical Project Manager

## Second Term Highlights – Ops subDAO 2.0

### Key Deliverables

With 4 months remaining of the 2.0 mandate, the Ops subDAO is happy to report that it is currently ahead of schedule in completing the 2.0 mandate. More information about the Ops subDAO’s 2.0 mandate is available below.

While pushing forward these deliverables, the Ops subDAO has improved and continues to improve its internal processes, including but not limited to generating periodic updates and conducting financial audits.

## Deliverable

### Status

### Details

### Indexer

Setup Completed / Support Ongoing

Engaged a leading service provider, Imperator, to run the indexer since the launch of the dYdX Chain. Imperator continues to go above and beyond to support the dYdX Chain community.

### Validator Communication

Setup Completed / Support Ongoing

Simplified communication setup for dYdX Chain validators, boosting collaboration and information sharing. Provided technical knowledge for chain upgrades by clearly explaining each release, from the proposal stage to voting and the final upgrade block height, ensuring the community is well-informed and aligned.

### Web Front End

Setup Completed / Support Ongoing

Established infrastructure for deploying the open-source dYdX Chain web UI, ensuring new versions are promptly released and maintaining nearly 100% uptime.

### iOS Application

Setup Completed / Support Ongoing

Developed the infrastructure to deploy the open-source dYdX Chain iOS application to the App Store, and ensured timely updates with each new release.

### Android Application

Setup Completed / Support Ongoing

Developed the infrastructure to deploy the open-source dYdX Chain Android application to the Google Play Store, and ensured timely updates with each new release.

### User Support

Setup Completed / Support Ongoing

Engaged user support service provider and onboarded user support infrastructure to provide support to dYdX Chain users on the various front ends.

### Operational

Setup Completed / Support Ongoing

Successfully completed the initial operational setup required for the Ops subDAO to accomplish its mandate, including obtaining credit cards, bank accounts, audit firm and accounting firm. Continuously improve upon the existing setup to satisfy evolving needs and iterative improvements.

### Transparency

Ongoing

Continuously provide periodic updates about Ops subDAO activities on the forums and blogs, including financial updates. Engaged an auditor to conduct a financial audit of the Ops subDAO, slated to be published in Q4 2024.

### Legal and Regulatory Strategy

Ongoing

Continuously improving Ops subDAO's legal and regulatory strategy through seeking advice from well-established law firms in relevant jurisdictions to best position the Ops subDAO.

### SubDAO Playbook

Completed / Ongoing

Recently published an updated version of the subDAO Playbook, primarily focused on learnings from operating the Ops subDAO.

## Finances

The Ops subDAO is targeted to complete the 2.0 mandate within its original budget. As of Sept 1st, 2024, the Ops subDAO has \$2.1M USDC, 1.1M DYDX tokens, and approximately 2 ETH remaining.

After the expiration of the 2.0 term on 18th January 2025, we are proposing to roll over any remaining budget to the Ops subDAO 3.0 mandate.

Below is a breakdown of the original budget, the current balances, and a forecast of the budget until the end of the second term.

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The differences in the estimated and actual amounts for each budget item are due to the following:

- With higher-than-expected usage of the indexer (which is a positive development showing the growth of the dYdX Chain), the estimated cost of AWS was higher than expected, accounting for over 50% of the monthly expenses.
- Additional third-party integrations and vendors, such as Elliptic (AML and sanction screening of wallets), were required for the smooth operation of the front ends and indexer.
- More personnel were required to ensure the level of high-quality services mandated in the 2.0 term.
- Additional legal entities, including the DOS and DAS, were required to facilitate Ops subDAO operations and the deployment of certain front ends.

For the remainder of the term, the Ops subDAO forecasts average monthly expenses of roughly \$412k (totaling \$1.9m for 4 months and 19 days), which includes the short-term planned hires and a projected increase in indexer usage and associated costs. At the end of the second mandate, the Ops subDAO will have, according to our forecast, the following estimated balances in its account:

1. 108,000.00 USDC
2. 900,000.00 DYDX tokens

## Ops subDAO 3.0 - Focus and Building on Our Strengths

We propose extending the Ops subDAO's mandate for a third term. During this term, the Ops subDAO will continue to provide the essential resources, tools, and infrastructure needed to ensure the smooth operation of the dYdX Chain. Additionally, the Ops subDAO will continue to optimize the operational setup to support the dYdX Chain infrastructure optimally and reliably.

### Operating and Supporting dYdX Chain Infrastructure

The Ops subDAO will continue to support critical dYdX Chain infrastructure for the dYdX community:

#### 1. dYdX Chain Indexer

The [indexer](#) is a vital component of the dYdX Chain that is necessary for the functioning of the various dYdX Chain front ends (web and mobile) and for API traders. This service stores on-chain data from the dYdX Chain and off-chain data from the order book to facilitate database queries so that the necessary information can be easily displayed and used.

The Ops subDAO has engaged a high-quality service provider, Imperator, to deploy and maintain the indexer. Imperator has proven to be highly reliable and able to react quickly to unforeseen events, becoming a crucial partner in solving unforeseen problems.

Under the new mandate, the Ops subDAO will explore ways to improve upon and to optimize the dYdX Chain Indexer, primarily trying to mitigate the cost drivers of the infrastructure the indexer is running on.

#### 1. Front Ends - [dydx.trade](#), iOS App, and Android App

The different front ends are permanently updated and tweaked to improve the trading experience for users, as Ops subDAO we are striving to increase the rollout speed of these changes to our deployments of these front ends and commit to rigorous testing of our deployments to ensure a smooth trading experience.

Additionally, we plan to implement a seven-day per week on-call service engineer ensuring all systems are up-to-date and operational. Additionally, the Ops subDAO will expand system monitoring and regular testing of all front-end deployments and functionalities.

## 1. Validator Communications and Alert Systems

Validators are at the core of the dYdX Chain. Validator communications channels are essential for alerting validators of chain upgrades and other events, and for enabling validators to discuss technical topics, fostering collaboration and improving validators' average performance. Examples of such systems that are managed by the ops subDAO are the validator Slack channels, emergency alerting system, and the status.dydx.trade webpage.

## Target Team Structure & Key Activities

As mentioned above we are five core contributors, three technical all-rounders and two operators. While we are currently looking to hire a QA to add to the technical team and a Legal Counsel. In the new mandate we want to bring on two additional technical contributors adding to the dYdX Chain Unit and the Front-end Unit capacities.

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The Ops subDAO's team is divided into three core units:

### 1. dYdX Chain Unit (1 new hire)

The dYdX Chain unit will facilitate validator communications and monitor validators and other dYdX Chain infrastructure, including the indexer, alerting the relevant participants when necessary. The two technical project managers are responsible for supporting the validators with their protocol knowledge, guiding them and other community collaborators through chain upgrades and scheduled maintenance, and assisting with any incident response. An infrastructure specialist will explore improvements to the infrastructure setup of the Ops subDAO and provide expert support where needed.

### 1. Front-End Unit (1 new hire)

The front-end unit will deploy the different front ends (dydx.trade, iOS application, and Android application), keeping them up to date, and monitoring their uptime and performance. Two site reliability engineers and a quality assurance engineer will ensure all front ends deployed by the Ops subDAO are fully up-to-date, available, and well-functioning.

### 1. Operations Unit

The operations unit will run all of the day-to-day Ops subDAO operations and conduct future strategic planning. This unit includes a legal counsel, operations lead, and operations manager, who will be responsible for all non-technical workstreams – from legal and finance to people and communications. The objective is to continuously improve existing processes and efficiency of the Ops subDAO while engaging in long-term strategic planning with respect to legal and regulatory strategy.

## Term Duration

To hire top-tier talent for the Ops subDAO (including the proposed development team), a 36-month third term is necessary for offering competitive compensation and supporting long-term retention. A longer planning horizon will also give the team a strategic advantage and enable more cost-effective operations, especially toward reducing indexer-related costs.

## Budget

The breakdown of the \$23.3m budget for the next 3 years requested from the dYdX Chain community treasury is as follows:

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As detailed below, the majority of the costs are indexer (37%) and personnel (27%) costs with the remainder split among the rest of the budget items.

### **Indexer (37%)**

The indexer is a key component of the infrastructure for the dYdX Chain. The cost of running the indexer fluctuates based on the usage of the dYdX Chain. Because the indexer conducts real-time data ingestion and makes the data readily available to traders, it requires a significant amount of AWS traffic, which is the main cost driver of the indexer. 75% of the cost of the indexer is due to AWS costs, while the remaining 25% covers the indexer service provider that deploys the indexers, and provides 24/7 coverage and support.

We based the average cost of the indexer on the current maximum spent in a month (April 2024) to account for more usage of the dYdX Chain in the next 3 years. With the help of Imperator, we are [continuously working on optimizing the cost of AWS](#).

### **Personnel (27%)**

To accomplish the proposed third mandate, the Ops subDAO needs to attract top-tier talent and grow our team of core contributors. It is paramount to build strong in-house competency and capacity for operating the various technical components, reducing the dependency of the Ops subDAO on third-party vendors and be more cost-effective in the long term.

The budget includes all expenses such as service providers, HR admin services and token allocations.

### **IT Infrastructure (6%)**

This budget item includes all IT infrastructure required for the front ends. To ensure a smooth user experience, this IT infrastructure includes various third-party integrations and vendors to monitor the performance and uptime of all dYdX Chain infrastructure and to collect insights for iterative improvements.

### **Professional Services (13%)**

The Ops subDAO works with a variety of service providers, including legal, tax and accounting advisors, to ensure that the Ops subDAO effectively operates in the most optimized manner in accordance with requirements under applicable law. This budget item also includes a buffer for any unanticipated legal expenses.

### **Administration (8%)**

This budget item comprises the cost for the baseline administration of the different Ops subDAO entities (including the DOF, DOS and DAS), such as compensation for directors and supervisor, regular legal fees, and IT infrastructure for internal operations. Each entity requires its own set of accounting, IT infrastructure, staff, and other administrative costs to ensure the separation of each entity.

### **Operating Expenses (8%)**

This budget item includes transaction fees, bank account fees and other similar operating expenses, and is based on the budget in the prior mandate. A buffer is included to account for any market downturn and unforeseen expenses arising from the additional responsibilities in the third mandate, which had been useful in the prior mandates.

### **Surplus from Second Mandate**

We propose to rollover the remaining budget (approximately 900k DYDX tokens and 64k USDC) from the second mandate as an additional buffer for Ops subDAO 3.0, increasing budget security, especially in light of recent market volatility.

## **Asset Management Strategy**

The Ops subDAO will aim to maintain a healthy runway in stablecoins and stablecoin equivalents to balance against market fluctuations while also exploring different conservative yield strategies with both, stablecoins and DYDX tokens to maximize the effect of the budget granted by the dYdX Chain community treasury.

## **Proposal Timeline and Next Steps**

1. Publish RFC on the forum on September 6, 2024
2. AMA on September 13, 2024
3. Incorporate community feedback

4. Publish text proposal on the dYdX Chain on September 20, 2024
5. If the text proposal is successful, proceed with a funding proposal at a later date to implement the approved funding amount in the text proposal

Given the extended time horizon of this particular proposal, the current market situation, and our strong balance sheet, we wanted to separate the commitment of the community to the extension of the dYdX Ops subDAO mandate from the actual funding proposal.

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