

[Non-Constitutional] Pilot Phase: M&A for Arbitrum DAO

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Comment:

Hi all, after the first kick-off in Denver and 6 weeks of running the [Arbitrum M&A Working Group](#) where we focused on developing an initial entity and operational structure for a potential M&A unit, formed an initial view on target selection, and aligned with interested parties, this proposal constitutes a detailed view on the pilot phase we intend to conduct over the next eight weeks.

For this 8-week pilot phase proposal, we would like to get your view as key delegates and stakeholders in the Arbitrum DAO.

Besides contribution to this thread, we will reach out individually to schedule 1-on-1 feedback/calls.

As we have already discussed the M&A proposal, including the pilot phase, for two weeks, we plan to submit the pilot phase for a Snapshot vote soon. This is aimed at accelerating the feedback process, given that there is already a substantial group of high-context voters in the DAO.

Abstract

Context

This pilot phase proposal is the next step toward the [Arbitrum M&A proposal](#) which outlines the opportunity for Arbitrum DAO to form an M&A Unit focused on identifying and executing on M&A opportunities.

With the M&A Proposal, we aim to enable the Arbitrum DAO to utilize M&A activities as a key growth driver for the Arbitrum ecosystem and to help the DAO expand non-organically through acquisition opportunities that are not accessible to competing ecosystems.

For ease of overview, this thread is merely focused on the pilot phase with the aim to gain conviction on the strategic opportunity and alignment on target areas. Further granular details on the operational processes and structure you can find in the [Arbitrum M&A Core Proposal](#)

Pilot phase

The 8-week pilot phase is designed to provide the DAO with sufficient information to make an informed go/no-go decision regarding the further operationalization of the M&A unit and its funding requirements. It is the natural progression of our [6 weeks Working Group sprint](#) to develop an initial structure of the M&A unit.

In addition to conducting an in-depth strategy study on the value upside of M&A, analyzing strategic target areas, aligning them with key stakeholders (both online and at the GovHack in Brussels), and providing exemplary analyses on targets, the pilot phase should serve as a facilitated platform for in-depth discussions based on data rather than opinions.

Content

I. Why Pilot Phase & Expected Outcomes

II. Work Packages & Deliverables

III. Team and Budget

IV. Next Steps

I. Why Pilot Phase & Expected Outcomes

Why conducting a pilot phase?

- Operating an M&A unit for Arbitrum involves significant complexity and high potential. Not only is it a first of its kind undertaking with precedent potential for the space, it is a multi-faceted complex undertaking that involves high capital needs.
- Thus, we do not want to rush it and take decisions or even ask for funding for such a structure prematurely.
- Based on detailed feedback from the last six weeks, there's apparent consensus on conducting a pilot phase to analyze key themes thoroughly before moving forward with the operationalization of the structure.
- We've expanded the scope of our initial pilot phase proposal significantly, at no additional cost to the DAO, to include valuable elements such as exploring strategic target areas, which are beneficial across the DAO even beyond M&A considerations.

Expected Outcomes

The dedicated goals of the pilot phase are the following:

1. Equip the DAO with sufficient knowledge

to make an informed decision about the operationalization of the fund.

1. Align the DAO on strategic target areas

by providing strategic analysis and coordinating key delegates and stakeholders.

1. Provide an orchestrated platform for discussion

of the efforts over an extended period of time to further sharpen the edges.

II. Work Packages and Deliverables

The pilot phase (as detailed in the proposal) will entail an 8-week sprint structured into 3 work packages and underlying deliverables to:

1. Analysis of M&A value upside for Arbitrum DAO
2. Arbitrum M&A value upside analysis, incl. benchmarking for the DAO
3. Assessment of tactical importance of M&A for the DAO, incl. activities that M&A will enable the DAO to engage in
4. Impact analyses of determined target areas
5. Development of strategic areas for Arbitrum DAO supported by in-depth analyses, incl. alignment of target areas with key stakeholders in the DAO
6. In-depth strategic analyses of target areas, incl. financial and strategic upside to the Arbitrum ecosystem
7. Facilitating interactions across the DAO to present results of analyses and align stakeholders. Key part of these will be held at the GovHack in EthCC.
8. Analyses of target examples and presentation to the DAO
9. Exemplary target identification on one target area to provide the DAO with a better understanding of what it would mean to have the M&A Mgmt Unit operate
10. Target analysis and example of outside-in due diligence process
11. Integration options per target in context of Arbitrum DAO

The insights from the analyses will be condensed into an assessment report to be presented to the DAO.

IV. Team and Budget

Team

The initiative will be led by a dedicated team from [Areta](#).

We are the leading independent crypto-native investment bank specializing in M&A and complex financial transactions for some of the leading ecosystems in the crypto space.

We bring deep transaction expertise, leveraging our experience from prior careers at Blackstone and JPMorgan, which

helped us lead complex transactions like the first acquisition of [Coingecko](#) or the sale of [Solscan to Etherscan](#).

We have a long-term vision for Arbitrum DAO and our governance team has been long-time contributors to Arbitrum's Initiatives. Relevant experiences include leading workstreams in the [ArbitrumDAO Procurement Committee](#) or initiating and leading the [Uniswap-Arbitrum Grant Program](#).

Budget

- Operational budget:

Minimal budget to cover cost for a lean team conducting the execution of outlined work packages: \$25k ARB / month

- Access to Data Providers/Research Platforms:

\$2k in ARB (remaining budget to be refunded to the DAO)

V. Next Steps

As we have already discussed the M&A proposal, including the pilot phase, for two weeks, we plan to submit the pilot phase for a Snapshot vote as soon as we have gathered sufficient engagement, ideally by the end of the week.

This slightly accelerated feedback process is due to the fact that there is already a substantial group of high-context voters in the DAO.

Appreciate any further feedback on and off the forum!

Acknowledgements:

[@krst](#), [@AlexLumley](#), [@coinflip](#), [@jacobpphillips](#), [@hiringdevs.eth](#), [@JoJo](#), [@Sinkas](#), [@MattOnChain](#), [@Djinn](#)

Helpful links:

- M&A Core Proposal: [here](#)
- M&A Working Group Progress: [here](#)
- M&A Telegram Group: [here](#)
- Easy-to-digest Video Summary (s/o to Sinkas): [here](#)