

On owner alpha, and funding the fire - Will Squires

A note on Bittensor, dTAO, and the ecosystem - written by Will Squires



MACROCOSMOS

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There has been significant debate in the Bittensor ecosystem in recent months after dTAO about how owners can fund development in an era when any sale impacts token price. Hiring has stalled, teams are concerned about payroll, and significant

anxiety has arisen in the broader community about factors ranging from TAO weight to price.

My belief is these concerns are short lived, and to quote a panel at Proof of Talk, “we are still early”. We are at the 4 month mark in dynamic TAO, and the fact these are topics of discussion and concern shows us the sheer success of the protocol’s launch - arguing about edge factors is the mark of a grand tour de force in technology.

I have spoken frequently about the owner’s funding being one of Bittensor’s superpowers. It created teams like Macrococosmos, Rayon Labs, Manifold, Taoshi and others who are driving the protocol forward today. Many owners I speak to are concerned about the utility of this share in today’s era. dTAO creates a precedent to hold your token, which creates true alignment between alpha holders.

Materially, if we want to build technology that can compete with the best in the world, that requires investment. Bittensor’s unique edge is it allows teams a way to maintain alignment with alpha holders without splitting incentive landscapes between equity and beyond. As we move through epochs of dTAO (the first 90 days, the first 365 days), inevitably teams will find new ways of accessing capital to continue to compete.

This competitive landscape needs to be broad for all of us - it is not just subnet versus subnet, but how do we compete more broadly in the decentralised AI landscape, and ultimately leverage the permissionless, decentralised, and competitive strengths of our protocol to compete with the heavily capitalised teams of Silicon Valley.

We have held out on selling any alpha from our subnets for the first four months of operation to help understand this landscape. Aligning with institutional investors (such as DSV and others) who are clearly passionate about Bittensor, deeply understand our work, and are keen to help us pour gasoline on our team’s fire to accelerate felt like a clear and obvious way for us to fund our operations, and focus on what is important to us - building truly world-shattering technology.

OTC transactions were a strategic choice we discussed prior to dTAO launching - we want to be able to build strong conviction in our partners, both institutional and beyond

- as liquidity increases, our reliance on mechanisms such as like this will change, but in the early stages of dynamic TAO, it's critical that we can access the resources to build as quickly as possible.

For us to spend alpha capital, we need to have the trust and confidence of our token holders. I believe the pace of development at Macrocosmos speaks for itself - our recent release of iota, our commercial successes on Mainframe, and our developing product suite on SN1 and SN13 are all active efforts to drive our subnets and Bittensor forward.

We will continue to transparently publish status updates, product releases, and as much information as we can about what we are working on at any time, and we seek as much feedback from the community and customers as we can. Ultimately, we have to consider ourselves servants to holders, and mere shared owners of the technologies we are developing.

We continue to maintain a view of the protocol that is more than the sum of its parts - I have often cited this in reference to subnets, but in a world where liquidity becomes key, partners like DSV and others become increasingly important to enabling us to compete. The role of venture capital in Silicon Valley, and more broadly the S&P 500's success cannot be understated. I met Siam Kidd some 9 months ago, and he has consistently been one of the loudest, most passionate voices about Bittensor.

There are many other phenomenal participants in the network whose strengths can help us compete, and we will continue to look for phenomenal partners to work with to fund and develop our collective project.

- *Will*