IO Nation:

The last 12 months have been an exciting time for io.net. We developed the world's first platform capable of creating decentralized compute clusters, built a global network of GPUs, raised over $40M from top tier investors, and established ourselves as the market leader in distributed compute.

But these achievements are just the beginning of what we aim to build. **Decentralized compute has the potential to be a multi-trillion-dollar industry** and, if we execute well, we believe that io.net can capture a significant share of that value.

As the new CEO of io.net, I'd like to outline our strategy for achieving this goal:

Our Vision: We are Building for the Long-Term

Few realize the enormous potential of decentralized compute.

The rise of AI has exponentially increased the demand for computing power. Requirements for machine and deep learning are doubling every 3.4 months, model training costs are increasing by 3,100% per year and many of the latest LLMs, such as Meta's Llama 4, are expected to require 10x more processing power than their predecessors. This has led many to proclaim that "compute is the new oil".

Unfortunately, today's cloud infrastructure isn't designed to handle this surge in demand. Incumbents like AWS, Azure, and GCP face inherent limitations in their ability to scale due to global supply chain constraints, logistical challenges, and substantial CapEx requirements. This leads to significant delays, fewer options, and higher costs for consumers, ultimately stifling innovation.

To anyone paying attention, it's clear that we need a better solution.

Decentralized networks like io.net represent a bold new paradigm. Like an "AirBnB" for compute, they aggregate GPUs from underutilized sources across the globe into a single platform. This overcomes many of the limitations of traditional cloud providers and creates multiple benefits:

- **Access to Massive Computing Power:** Pooling global compute resources into a single platform allows users to access nearly unlimited computing power at the click of a button

- **Scalability:** Decentralized networks can scale more easily as they can harness computing power from numerous distributed nodes, allowing for flexible and dynamic expansion

- **Superior Performance:** Geographically distributed nodes can act as a de facto CDN, significantly reducing latency, especially for inferencing operations

- **Censorship Resistance:** With no central authority controlling the flow of information, decentralized networks are much less vulnerable to censorship

- **Cost Efficiency:** Decentralized networks can significantly reduce costs by utilizing idle computational resources from a vast pool of participants

Not only are decentralized networks a better, faster and cheaper solution – they are likely **the only effective way** to meet the colossal computing needs of the most important technological innovation of the last century.

Despite this immense promise, the decentralized compute industry is still in its early stages, representing less than 1% of the overall market. As such, if we execute well, we believe there is a viable opportunity for io.net to capture meaningful share in the [$2.5 trillion-dollar cloud computing industry](#).

Our Priorities: We Will Focus on the Fundamentals

Part of building for the long term involves ignoring the day-to-day fluctuations of the market and focusing on what truly matters **– building a business that can truly compete with the likes of AWS, GCP and Azure.**

To do that, we will concentrate on the following priorities:

- **Driving Aggressive Revenue Growth:** We will leverage our structural competitive advantages to disrupt the competition and drive aggressive revenue growth

- **Maintaining an Enterprise-Grade Service:** We aim to meet or exceed the service standards of traditional cloud providers at a fraction of the cost

- **Deeply Involving Our Community:** We will work closely with our community to foster innovation and maintain agility

- **Optimizing Block Rewards:** We will continue to work with the IOG Foundation to establish and maintain incentives for network participants

- **Building a World-Class Team:** We will actively recruit the best talent in Cloud Computing, Web3 and AI to build a "dream team" that will dominate the market

Executing on these initiatives and solidifying our market leadership position will create a deep and lasting economic moat. This will translate directly into increased demand, supply, revenue, profitability and - most importantly - long-term value creation.

Below we will dive a bit more into our progress on each of these initiatives, plans for the rest of 2024 and our strategies for the long-term.

Driving Aggressive Revenue Growth

Our position as a decentralized compute network gives us a unique competitive advantage – the ability to offer nearly unlimited computing power at a fraction of the cost of traditional cloud providers. We plan to leverage this moat to undercut the competition and drive aggressive revenue growth.

We have made significant progress on this goal over the last year: we have delivered over 1M hours of compute and hosted nearly 2M on-chain transactions, built a network of tens of thousands of cluster ready GPUs across 138+ countries (including thousands of enterprise-grade GPUs such as H100s or A100s), and established long-term relationships with many strategic partners including Leonardo, KREA, PublicAI, Nesa, Flock, Ritual, Filecoin, Render and WonderaAI.

But this is just the beginning. We see several near-term opportunities for expansion and will focus on the following initiatives for the remainder for 2024:

- **Expand Existing Customer Relationships:** We have signed 56 deals to date. Many of these clients are moving beyond initial deployments and have expressed a desire to significantly increase their usage. Expanding these relationships presents a clear path to meaningful GMV growth.

- **Build Our Long-Term Pipeline:** In addition to expanding existing relationships, we are bolstering our sales team to grow our pipeline of growth-stage AI/ML startups, with a focus on the US, EU and APAC. This strategic investment will drive future revenue growth.

- **Increase Supply of Enterprise-Grade GPUs:** We aim to grow our inventory of H100s and A100s across NA, EMEA, and APAC, with 2-3 supply partners for each type of GPU in each region.

- **Bundle Compute with Storage:** By bundling compute with storage deals, we can increase GMV and improve customer retention. Our short-term goal is to establish collaborations with data centers where multiple customers can benefit from shared storage infrastructure.

- **Establish Channel Partnerships:** We will establish a channel partner program targeting major AI/ML ISVs/dev tooling companies (e.g. Predibase, Weights & Biases) and Web3 partners (e.g. Flock, Prime Intellect). This will incentivize broader distribution and drive growth through strategic alliances.

Additionally, to demonstrate our commitment to transparency, we will soon collaborate with independent third-party validators to provide unbiased verification of our GPU count and GMV statistics.

Looking further ahead, our long-term strategy involves several key initiatives to ensure sustained growth and industry leadership. We will continue to innovate by developing new products and services, explore vertical expansion into various sectors of the AI value chain, and continue to pursue geographic expansion. We also plan to extend our reach beyond our initial focus on generative AI startups to serve a broader array of clients, including large tech companies, enterprise AI divisions, academic and research institutions, government bodies, and even the LLMs themselves. With the generative AI market poised to exceed $4 trillion in economic potential, we believe that io.net is well-positioned to capitalize on these vast opportunities and drive enduring growth.

Maintaining an Enterprise-Grade Service

One of io.net's primary objectives is to maintain an enterprise-grade platform that matches or exceeds the quality of service offered by traditional cloud providers. By integrating exceptional customer support and comprehensive SLAs into our decentralized network, we aim to provide the same level of security, reliability and performance at a significantly lower cost.

Over the next quarter, we will:

- **Upgrade Our Proof of Work System:** We will fortify our Proof of Work system by addressing potential attack vectors, adding VRAM checks, enhanced hardware verification, stricter CPU benchmarks, and PoW pattern analysis.

- **Implement Tiering and Verification:** We are introducing a tiering system that requires KYC/KYB verification for enterprise providers and IO coin staking to combat worker spoofing. Suppliers will be categorized by compliance, hardware quality, and staked IO coins, creating economic risks for bad actors and ensuring high-quality inventory.

- **Instituting a Staking and Slashing Program:** To secure our network, we are launching a staking mechanism combined with slashing penalties to deter spoofers and maintain system integrity.

- **Initiate Community Data Release and Rewards:** We will share detailed PoW, uptime, and hardware information with the community hourly (excluding personal data). Community members who identify fraud or inaccuracies will be rewarded, promoting active participation and fairness.

- **Introduce Third-Party Collaborations:** We will collaborate with third parties, such as Flock, to enhance verification and security through validators and Proof of Inference, further testing hardware capabilities and improving system reliability.

Over the long-term, we will continue to enhance our platform, aiming to set the standard for excellence in decentralized computing. Our services offerings will expand with the introduction of support for Kubernetes, Ludwig, Slurm, and Nomad as well as virtual machines. Additionally, we will integrate other services into our platform, such as storage capabilities. Finally, we plan to develop complementary products such as a models marketplace, data marketplace, and SDKs that empower users to create AI dapps like bc8.ai, ultimately positioning io.net as the de facto "one-stop-shop" for the decentralized AI ecosystem.

Deeply Involving Our Community

At io.net, our community is not just part of our network — it's a key source of competitive advantage. By integrating community feedback and involving members in decision-making, we can harness their insights to drive innovation and maintain agility in a fast-evolving landscape.

Over the last year we have built a vast and engaged global community with support in >25 languages. While we are proud of our progress, we recognize that continuous improvement is essential to long-term success.

With this in mind, we are implementing the following initiatives in the coming months:

- **Establish a Clear 3-Month Roadmap:** We will create a detailed 3-month roadmap with monthly milestones to showcase our commitment to strategic planning and transparency.

- **Provide Minimum 1-Month Notice on Changes:** We will provide a minimum of one month's notice for all user-affecting changes, accompanied by an AMA session to explain the rationale.

- **Conduct Weekly AMAs with Senior Leadership:** We will revamp our AMA format to focus on pre-submitted, top-voted questions, with in-depth insights from our senior leadership team followed by an impromptu Q&A. Additionally, we will publish monthly reports detailing our key achievements to keep our community informed and engaged.

- **Create a Formal Issue Tracking and Resolution System:** We will introduce "The Balancer," a public tracker for managing and resolving community issues weekly. Additionally, we will introduce dedicated Discord channels to gather and act on community feedback.

- **Initiate Community Rewards Programs:** We will launch tiered reward campaigns and competitions to empower community members and increase involvement. In particular, our "Astronaut Program" will empower and reward active community members with exclusive incentives, fostering excitement and building a more engaged and loyal community.

As we look to the future, we are committed to the principles of progressive decentralization. This means that while we initially built the network as a centralized entity to ensure stability and growth, we will gradually transition governance and decision-making to our community. By implementing decentralized autonomous organizations (DAOs) and token-based voting systems, we will empower our community to have a more direct and meaningful impact on the direction of io.net. This approach allows us to build a robust and resilient platform while fostering a sense of ownership and collaboration among our members.

Optimizing Block Rewards for all Stakeholders

A strong and reliable stock of GPUs is crucial to io.net's success, and it is essential that our suppliers receive substantial rewards for their contributions. We are committed to working with the Internet of GPUs Foundation to ensure this through several key initiatives:

First, the upgrades we outlined above will significantly enhance the block rewards pool. By preventing unnecessary dilution from misrepresented hardware, we can maximize rewards for the most productive devices on our network.

We are also collaborating with top advisors to explore innovative ways to balance supply and demand. This approach will expand the pool available to our active contributors, ensuring fair and substantial rewards for those who are driving our network forward.

Lastly, with the introduction of staking, we are creating opportunities for the broader community to participate in and benefit from our rewards program. This inclusive approach will strengthen our community and ensure that everyone who contributes to our success shares in the benefits.

Building a World-Class Team

Our success to date is the direct result of the contributions of a group of exceptionally talented and dedicated individuals. However, to challenge Big Cloud, we need to continue to expand our team while maintaining our rigorous standards. We will do this in several ways:

First, we will maintain a "culture of accountability" where every team member has clear KPIs and is responsible for meeting them. Second, we will uphold the highest standards in hiring, ensuring we bring only the best talent into io.net.

Finally, we will actively recruit top talent from competitors like AWS, GCP, Coreweave, Lambda, and Azure, adopting and enhancing their strategies for our success. We believe that these individuals, often stuck and disenchanted with the traditional approach, will be invigorated by the opportunity to build an infinitely scalable system that's open and accessible to everyone around the world.

The long-term success of any business is directly tied to the quality of its team. This is an area where we will never compromise.

Our Potential: Crossing the Chasm

Our long-term goal is simple – to replace AWS as the largest provider in the multi trillion-dollar cloud computing market.

While this ambition might appear audacious, the unique properties of decentralized networks make it possible, if not inevitable, to achieve. By enabling individuals globally to pool their computational resources in exchange for token rewards, decentralized computational networks offer a better, faster, and cheaper alternative to traditional cloud services. And with the surging demand for high-performance compute driven by the rise of AI, the timing for this transition couldn't be better.

In fact, one of the reasons we founded io.net is that we believe that our business model offers a unique opportunity for a Web3 company to "cross the chasm", as *the superior economics of decentralized networks coupled with the rising demand for cheaper compute provide the ideal catalyst for mass public adoption.*

This isn't to say that the journey will be easy, or that we expect to accomplish our goals overnight. We recognize that becoming the largest provider will take time, sustained effort, and crisp execution. We will face formidable, well-funded competition, navigate growth hurdles, manage operational risks and contend with volatile market conditions. Furthermore, while we have already gained considerable knowledge about decentralized compute, we recognize there is much more to learn.

Despite these challenges, we are confident in our strategy and capabilities. Our community, in particular, provides us with a unique edge over traditional cloud providers. By leveraging their input, we can drive innovation and stay agile, ensuring we meet user needs and capture significant market value.

The market for decentralized compute is vast, and we believe io.net is uniquely positioned to capture this value. Our achievements to date are a testament to our potential, and we are even more enthusiastic about what lies ahead. We are committed to our mission and excited about the future we are building together.

Sincerely,

Tory Green
CEO, io.net