AMA with Matt: decentralised compute, why Cosmos, 2023 plans

Cudos' founder and CEO, Matt Hawkins, discusses recent developments that have positioned the decentralised cloud platform for significant growth in 2023.

Why it matters

After years of development, Cudo Compute, the Cudos blockchain, and the CUDOS token are ready for significant growth in 2023. The team has been working hard, building the network and recruiting suppliers and buyers to the marketplace. In this AMA, founder and CEO Matt Hawkins answers questions from the community about tokenomics, building on the COSMOS blockchain, and how traditional Web2 customers will spur growth for Web3 cloud computing.

AMA highlights

Last year, Cudos held an AMA (Ask Me Anything) session on Twitter Spaces. During the event, community members had the opportunity to submit questions and engage with our founder and CEO, Matt Hawkins. In addition to answering questions from the community, Matt made several big announcements about the future of Cudos.

If you missed the live AMA, you can listen to the recording. Matt discussed the industry landscape, Cudos partnerships, tokenomics, and what to expect in Q1. So go ahead and listen to the AMA to catch up on all the exciting Cudos news.

In the meantime, you can read on for highlights from the event, including key announcements and insights shared by the Cudos team.

This transcript has been edited for length and clarity.

Jeffrey Elliott – Head of Community – CUDOS

Matt, could you tell us a little bit about how Cudos came to be?

Matt Hawkins – CEO & Founder – CUDOS

Sure. Before this, we had founded a data centre and cloud company in 2000, just as the Internet was taking off. We were in about 55 data centres worldwide and ended up being the largest data centre aggregator in the U.K.

That company was acquired in 2016. But we realised we could take our knowledge and build a global computing network that would replicate what we had physically built while at the same time overcoming all the barriers and pains of having our own infrastructure.

One of the challenges you face as a cloud provider is always having to raise money to keep building infrastructure.

Another pain is having spare computing capacity in the network. For example, if you look at AWS—which is one of the most efficient cloud platforms in the world—they only run at 65% efficiency. We were seeing up to 80, 90% spare capacity.

And then, you end up with a lot of hardware because you only keep the last one or two generations of infrastructure running on your network. Everything else goes into what we used to call an eBay room.

What we realised is we can build **a global marketplace that connects suppliers and buyers** of global infrastructure and overcome every single one of those problems. We can make it more ecological and sustainable. And, if we tokenise that infrastructure, we can enable the financing of that infrastructure so providers can scale. That's essentially what we've done.

Jeffrey Elliott – Head of Community – CUDOS

One of the main questions we wanted to address in this Space is **why we chose the Cosmos ecosystem** to be a part of when there are so many great chains and ecosystems out there.

Matt Hawkins – CEO & Founder – CUDOS

There were a couple of considerations. One is the **technical consideration**. What is—*technically*—the best platform to build with?

Aside from building our own chain, the only two viable options were running on Substrate (which is the underlying tech for Polkadot) or Tendermint and Cosmos SDK (which is what Cosmos and its community are built on).

When we looked at Substrate vs Tendermint, it came down to scalability. Substrate does not scale anywhere near as well as the Cosmos SDK.

From a **tooling perspective**—the ability to efficiently write go-code and be able to write the modules that we need to support infrastructure going forward—again, Tendermint and the Cosmos network really gave us the ability to scale much better. Plus, the bridging technology is substantially superior.

Then, the last element was just down to **integrations**. Almost all exchanges support the Cosmos SDK protocol, which means it's straightforward for us to expand on other exchanges worldwide. So we'll be adding exchanges in Africa and other regions where we're expanding.

Then, there are the **tools** that are around it, DEXs and wallets. It's also based on Rust, and Rust is more adaptable for some of the things we want to do. There are also modules to support EVM going forwards.

So we looked at **every box,** and Cosmos ticked pretty much all of them.

Jeffrey Elliott – Head of Community – CUDOS

Now, we're going to get started with some of the questions from our various channels. I'll kick it off with this question from Corey.

Corey – Community Member

How will Cudos offer an **on-chain compute solution**? And how will it work with the token?

Matt Hawkins – CEO & Founder – CUDOS

From the compute perspective, we see two main areas where people will consume compute. One is going to be your **traditional Web2 custome**r—like Netflix, Amazon, video streaming, and game servers. And then, in **the Web3 space**, it's metaverses, it's AI, it's video streaming—all of which need infrastructure solutions. So we enable consumption via the best two methods in those areas.

On our Web2 version, we have a GUI (graphical user interface), we've got an API, and we accept standard methods like TerraForm. You can use it the same way you would Amazon. It's designed to be extremely familiar and friendly.

In the Web3 space, the compute side is going live this week. That means on the smart contract, you can just connect your wallet, put in the funds that you want to pay for in CUDOS, and then you can just scale up and down. It's an open marketplace.

At the moment, the first release is just running on our blockchain. But we will be adding connectivity onto most other tier 1 chains.

E.J. – Community Member

How will transactions for computing power work when people choose to pay with fiat or other crypto assets? Will there be an exchange in the background so that the real transaction is paid in CUDOS?

Matt Hawkins – CEO & Founder – CUDOS

On the Web2 side, users can **pay in fiat**. While we will be **integrating CUDOS later on**, our priority was to get it live and get the big enterprise customers that spend large amounts of compute using it. Ultimately, we want to bring value from traditional Web2 space into the CUDOS token, so it will be exchanged into CUDOS.

On the Web3 side, though, it's end-to-end CUDOS. Buyers buy in CUDOS and sellers receive CUDOS.

We will also be releasing the ability to pay with any other Cosmos blockchain tokens. So if you want to pay with your OSMO token, you can. On the back end, we just swap it back into CUDOS on the DEX. And then it's paid to the suppliers in CUDOS.

It's probably worth talking about our tokenisation, as well. A lot has been going on in the background around tokenisation, but that's not going live until Q1.

The tokenised infrastructure is where we're enabling service providers— data centres, storage providers, renewable energy mining farms—to tokenise infrastructure. We're using an NFT as a way to have a legal, transferable contract that people can then trade publicly. That enables people to earn in CUDOS, which also brings further utility for the token.

By the end of January, we should have about $100 million of infrastructure available on the network. We've got our first order for about $2 million of that infrastructure. And users are incentivised to get paid in CUDOS. So that will bring in substantial utility for our token over the next six months.

Digitrade – Community Member

How will the **decentralised cloud computing network be able to accept fiat**? What's the point of the token if you're a centralised company that accepts fiats?

Matt Hawkins – CEO & Founder – CUDOS

If you limit people to buying resources in CUDOS, then you're not bringing in any value from the outside world. You're not bringing in value from other tokens, and not bringing in value from the fiat world.

The Web2 market is, for us, about a $19 billion market. At the moment, the Web3 space is hundreds of times smaller than that. So we have to make our platform in a way that the Web2 space will consume resources. If you don't, you just won't get adoption, which is what we've seen with other chains. If you don't build it the way the world uses it, it won't get used.

But we're bringing value because the suppliers are getting paid in the token.

Bear Moon – Community Member

Are there **further business partnerships** to unfold next year, from AMD, Sony, NVIDIA, etc.?

Matt Hawkins – CEO & Founder – CUDOS

With AMD we're working together to create better utilisation of their hardware. In the current release of compute, we're using available computing resources and you can scale up and down on those resources. We've been working to make that journey as easy as possible for the buyer.

The PlayStation side will take longer. Ultimately, we want to be able to compute on home machines like PCs and Playstations. That's what Cudo Miner was, a kind of proof-of-concept from that perspective.

A lot of our focus, so far, has been around enterprise customers because that will bring a lot of value to people in the network and to token holders. But ultimately, we want to be getting this working on PlayStation next year and on other consumer devices.

We're also working on that with the Tingo Partnership, which has been in the works for 12-18 months. This is where we're going to be integrating with 20 million mobile phone users using our tokenised infrastructure. I'm not sure how much of that is public at the moment, but that's what we'll be doing next year.

For NVIDIA, we can bring them additional computing capacity where they don't have enough capacity to be able to scale for users that want to test their platforms. And that's a typical model for many of our partnerships. The whole idea of our network is to scale infrastructure for anyone who wants to consume it.

Pepe Frog Rubbing His Hands – Community Member

Are there any plans for a **buyback or burn the token**?

Matt Hawkins – CEO & Founder – CUDOS

Yes, we are adding a buyback. That is part of where revenue generated from the Web2 space will go. If you think of our network as an infrastructure network between suppliers and buyers, that's where our commission is made. If it's compute, the fees are 30% between the supply and demand. If it is tokenised infrastructure, the fees are 10% between supply and demand.

We are taking a portion of that commission and putting it out to the community to use that for a buyback. Then, that buyback would go into a liquidity pool. If you just burn it, then you're not necessarily creating value. But if we put it into a liquidity pool, that strengthens the liquidity between us and, let's say, Bitcoin.

Bear Moon – Community Member

Does the supplier **set the cost** or does the Cudo Compute platform set the market rate for the computing use?

Matt Hawkins – CEO & Founder – CUDOS

The suppliers set their prices. This is an open market, so you have to let suppliers set their own prices. You can't let a network choose the price.

Charles – Community Member

What is Cudos' plan to **onboard Web2 users onto Web3**? And do we have the capacity to serve the bulk of the persons we onboard to Cudos?

Matt Hawkins – CEO & Founder – CUDOS

With the Web2 customers, it's irrelevant that we're onboarding them onto Web3. So we're trying to abstract that away to get rid of those barriers to entry.

Our team's background is in the Web2 space. For example, the guy that heads up the compute sales previously headed up post-production video sales at Amazon. So we've been selling to those providers and they've been the first ones to come on board. These are big spenders. Some spend a quarter million a month with hyperscale cloud providers. And we've been doing some hand-holding with these first customers, just making that journey as easy as possible. But as of the end of this month, they should be fully self-service.

At the moment, if someone wants to, they can go on our platform, sign up, pay, and start using the platform in seconds. There is no involvement from any of us on the team. They can completely do everything themselves. From a buyer's perspective, everything's just automated end-to-end, which means we can scale globally.

Jeffrey Elliott – Head of Community – CUDOS

We've come to the end of this Space. So I'd like to thank all of you for your great questions. Thanks to all of you who joined, listened, and participated in this space. And of course, we'd like to thank Matt for answering all these questions.

Matt Hawkins – CEO & Founder – CUDOS

Thanks to the community for the support. It makes all the difference. The team has been incredibly busy for the last few years. But now, the blockchain's live, Compute's live this week, and tokenisation is around the corner.

We're at a point where we're ready to scale across all of these applications and markets. So thanks for everyone's support. We're in this together and we are building something pretty amazing, and we want everyone to benefit from it.

Your turn

Come build with us, visit cudocompute.com or apply for a Foundation grant!
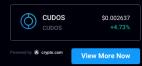
About Cudos

Cudos is powering the metaverse bringing together DeFi, NFTs and gaming experiences to realise the vision of a decentralised Web3, enabling all users to benefit from the growth of the network. We're an interoperable, open platform launchpad that will provide the infrastructure required to meet the 1000x higher computing needs for the creation of fully immersive, gamified digital realities. Cudos is a Layer 1 blockchain and Layer 2 community-governed compute network, designed to ensure decentralised, permissionless access to high-performance computing at scale. Our native utility token CUDOS is the lifeblood of our network and offers an attractive annual yield and liquidity for stakers and holders.

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