



HOME > CRYPTO > DEFI



"I can now trade across any of the exchanges that are connected and be able to take advantage of the best economic opportunity that comes up," Qredo CEO Anthony Foy told Crypto Investor.

Using public-private keys to manage digital assets works well enough for individual traders, but it's the stuff of nightmares for compliance officers tasked with planning for bad actors and worst-case scenarios.

That's where Qredo, a decentralized custodian, governance and blockchain interoperability solution comes in, said Anthony Foy, the company's co-founder and CEO.

"I mean that's where this dichotomy comes out, right. You have this amazing decentralized, programmable money, but the fact that there's this private-public key pair necessitates this behavior of assets being siloed into these repositories," Foy told Crypto Investor. "And, you know, it not only introduces attacks from internal and external malicious actors, but it also makes it very difficult to initiate transactions and put audit and compliance over the top of that. It's the source of why so many things go wrong in crypto."

Foy joined the company in 2019, after spending years as a serial entrepreneur at VC- and private equity-backed software companies including Interxion, Workshare and CloudSigma.

He took over as CEO, replacing 20-year cybersecurity vet Brian Spector. The two previously worked together at Workshare. Spector has since become Qredo's chief product and technology officer.

To date, Qredo has raised a total of \$14.5 million over an angel round and three seed rounds, the latest an \$11 million round in May.

Among its lead investors in the latest round: Spartan Group, co-founded by former investment bankers turned VCs Melody He and Casper B. Johansen; 1kx, a fund focused on early-stage, tokenized projects; and GSR Ventures, a firm founded by former physicians and engineers with \$3 billion under management.

Earlier this month, the company started selling its utility and governance token, QRDO, raising an additional \$35.5 million in funding - about half through private sales and the rest once the sale went public.

The executive team also includes Josh Goodbody, chief operating officer, who used to head up EMEA operations for Huobi Global and Binance before joining Qredo earlier this year.

Qredo's entering a crowded market, competing with the likes of tech service providers BitGo, Ledger Vault, Aegis and Anchorage and custodians Fireblocks and Metaco. A [May report](#) from enterprise blockchain analytics firm Blockdata estimated that 20% of the bitcoin supply had already been lost or stranded in wallets.

"Self-custody is certainly possible, but the demand for professional services is high," Blockdata wrote in its report. "This is especially true with large amounts of digital assets being moved around by enterprises that are looking to get their first exposure to blockchain technology and digital assets, and usually quite specifically, to bitcoin."

Foy and Spector's solution for making public-private keys more secure was replacing them with smart contracts that manage governance policies. They have built-in security measures to stop bad actors from initiating unauthorized transactions.

To be clear, Qredo didn't invent multi-signature authentication. That's been around for years. They sought to make it a viable and accessible option for traditional firms that want to protect their digital assets and make moving funds across multiple wallets seamless.

"The ability to be able to interoperate, to be able to trade assets between one [exchange and] another is really quite complex, costly, slow, and it requires a really high operational burden for participants. And, you know, institutional investors, traditional institutional investors, simply won't accept that as a means of operation," Foy said. "And so that's where we really started from - how do we solve this problem of fragmentation of liquidity across the market without compromising the underlying security of the way those assets are held."

In one example, he described a firm that's pursuing an arbitrage strategy with \$100 million in wallets across five different exchanges. Pre-funding each of those wallets means the max bet that can be placed on any one of those exchanges at a time is \$20 million, not the full \$100 million.

Qredo's off-exchange custody solution creates one wallet that has sweep rights, pulling funds from the other exchanges to fund an all-in bet on the one that presents the best opportunity without taking any credit risk.

"As an institutional trader, I can now trade across any of the exchanges that are connected and be able to take advantage of the best economic opportunity that comes up on any one of those five exchanges that I'm connected to," Foy said. "That's number one and really about driving capital efficiency and capital velocity."

He maintains that the key to keeping all these solutions secure is decentralization, which is why Qredo this year started the process of becoming a decentralized autonomous organization, or DAO.

Qredo currently acts as the validator on its mainnet, but will bring on third-party validators later this year. They include Genesis, Galaxy, Celsius and Deribit. The plan is to run the network with third-party validators until the Qredo team is satisfied with performance, security and operations, then shift to a fully decentralized network under the control, ownership and governance of a DAO.

Deribit, one of Qredo's investors, averages around the seventh-largest Bitcoin derivatives exchange, business development manager Ulla Rone told Crypto Investor.

She said it was obvious the Qredo team knew what kinds of reviews its protocols need to go through before being adopted at big, traditional firms.

"Even their hardware is already properly licensed, so that's something that already the traditional space recognizes. On the one hand, they have this new technology [people have] probably never heard of, but at the same time they back it up with something that [traditional firms] recognize," she said. "I think they bring all the time-tested solutions, things that have been recognized by traditional space in this one, modern solution, and I think that's going to be their main advantage in the long term."