FUSION

A NEW PARADIGM FOR BLOCKCHAIN ECONOMIES

POWERED BY AVALANCHE

EXECUTIVE SUMMARY

Fusion, powered by Avalanche, introduces a new blockchain framework backed by a significant financial commitment to accelerate the creation of outcome-driven, domain-specific blockchain economies.

Traditional blockchains exist primarily to sell blockspace and reward transaction volume.

Fusion transforms this model by enabling developers, businesses, and protocols to build modular, programmable networks that deliver measurable real-world value.

TRADITIONAL BLOCKCHAINS REWARD ACTIVITY. FUSION REWARDS IMPACT.

THE CHALLENGE: WHY BLOCKCHAIN HASN'T REACHED ITS POTENTIAL

Despite significant potential, blockchain technology has struggled to deliver on its promise of transforming how value flows through digital economies. The "Fat Protocol Thesis" argues that, unlike the traditional internet (where most value accrues at the application layer), blockchain networks should concentrate value at the protocol layer because their native tokens are required to interact with the network.

However, current blockchain ecosystems face critical limitations. Most token models primarily use emissions to attract users or secure the network. However, attracting users does not intrinsically translate to a coherent business strategy.

Projects within an ecosystem typically have no shared economic incentives to collaborate on value creation. The result is skinny protocols with skinny token models, leading to a landscape of siloed projects competing for attention rather than collaborating to deliver genuine utility.

Crypto can be a superior value creation mechanism if project treasuries support business plans that achieve protocol-level financial sustainability. Yet, current economic incentive models for blockchain ecosystems have failed to provide an additional source of competitive advantage for the industry.

The result is that, thus far, the first generation of L1/L2 token models has used emissions to attract users or provide rewards for securing the network, without supporting the implementation of coherent business strategies or shared economic alignment, leading to long term difficulties in finding robust ecosystem level product market fit.

THE FUSION SOLUTION: BEYOND BLOCKSPACE, TOWARD OUTCOMES

Fusion introduces a new paradigm for blockchain economies, transforming how blockchain ecosystems deliver value.

Rather than simply providing a settlement layer for transactions, Fusion enables the creation of purpose-built blockchain economies that coordinate specialized services around business objectives.

CORE ARCHITECTURE: COMPOSERS AND MODULES

Fusion adopts an innovative, interoperable framework consisting of two primary roles:

COMPOSERS

are purpose-built Layer 1s that serve as economic and technological coordination hubs for specific verticals, such as AI, DeSci, and infrastructure. Composers don't just passively host smart contracts or validate transactions. Instead, they actively coordinate decentralized services, align economic incentives, and expose programmable interfaces that third parties can build on.

Each Composer serves as the operational "brain" of a specialized ecosystem, executing smart contracts, validating transactions, and distributing rewards based on contribution to the network.

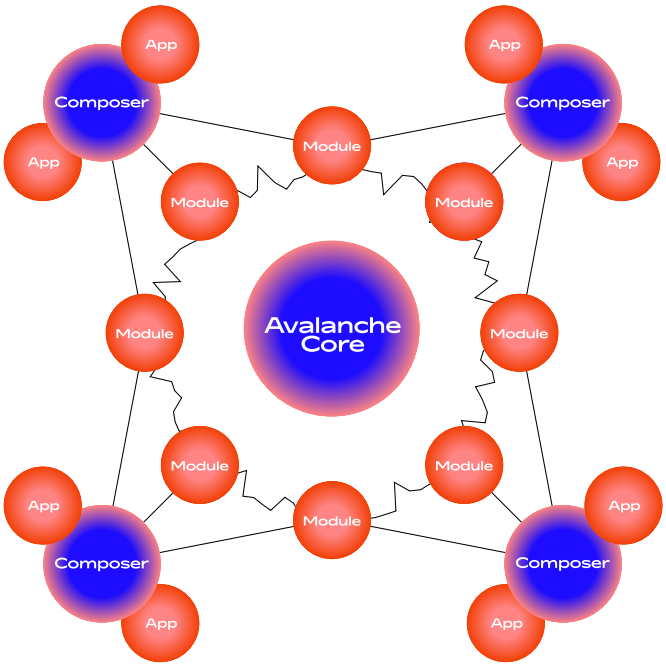
Composers are at the center of vertical-specific economies (e.g., AI, DeSci, RWA) and connect to relevant Modules to establish differentiated business models. They encode domain-specific goals and constraints into the core protocol, including what counts as valuable work, how rewards are calculated and distributed, and how third parties participate in jobs, governance, or workflows.

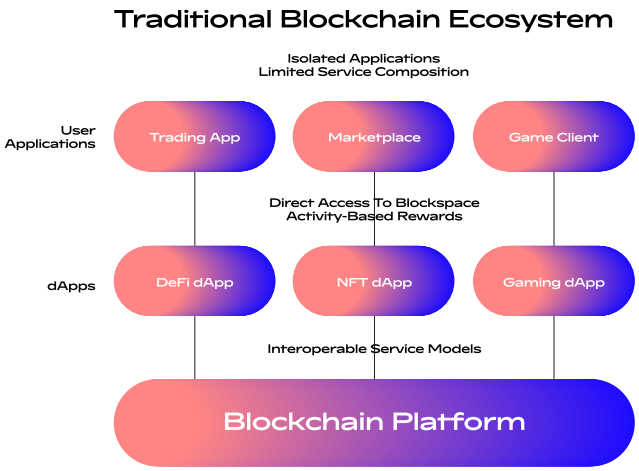
MODULES

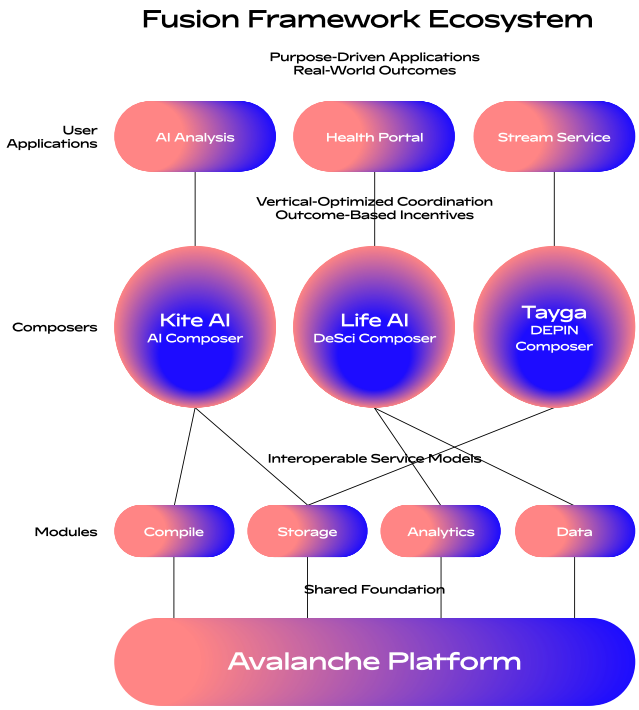
provide the specialized building blocks that Composers need to deliver their services.

Representing core technological and financial building blocks, Modules provide the specialized services required for Composer ecosystems to establish differentiated business models.

Modules can be specialized (serving one Composer) or generalized (serving multiple Composers). They set their rates for participation in workflows and supply essential functions, such as compute, storage, analytics, or data.







HOW VALUE FLOWS IN THE FUSION ECOSYSTEM

Fusion's token model transforms tokens from passive speculative assets into active coordination instruments that structure economic collaboration.

Unlike general-purpose blockchains, Composers utilize cryptoeconomic incentives to catalyze a mission-aligned group of protocols that collaborate to drive the network's success.

The model ensures that participants are organically aligned to contribute to the network's value over time, that they are rewarded by epoch-based emissions contingent on their contribution to protocol business objectives, and that holding the native token is required to participate in network jobs.

This approach creates protocol-to-protocol payments that resemble real-world supply chains, with compensation tied to impact rather than simply stake.

Each Composer implements a customized proof-of-contribution mechanism to monitor and reward Module performance that benefits the network. This creates a system where tokens are not just speculative assets but active coordination instruments.

FUSION IN ACTION: REAL-WORLD APPLICATIONS

Fusion enables a wide range of outcome-driven applications across multiple verticals, with several Composers already being developed:

KITE AI: MARKETPLACE FOR ACCESSING INTEGRATED DECENTRALIZED AI SERVICES

Kite AI serves as a marketplace that coordinates decentralized AI services, including inference, data, compute, and reputation modules.

For example, when a biotech firm needs AI-powered analysis of clinical trial data, Kite AI orchestrates the entire process: routing the job to a compute Module, sending data to an approved Data Module, running inference using high-performing AI Modules, and paying each based on their measurable contribution. The outcome is decentralized AI services delivered at a lower cost with higher transparency than centralized alternatives.

LIFE AI: MARKETPLACE FOR LEVERAGING SELF-SOVEREIGN HEALTH INFORMATION

Life AI creates a marketplace that enables self-sovereign sharing of health information with proper compensation.

It coordinates identity modules (which verify consent and identity of participants), data storage modules (storing encrypted medical data), analytics modules (running research queries on anonymized datasets), and tokenization modules (tracking and compensating data contributions). When a pharmaceutical company launches a decentralized clinical trial, Life AI ensures that only verified participants submit data, research teams analyze it using approved modules, and patients receive fair compensation based on the data's use. The result is a privacy-preserving, consent-driven clinical trial system.

TAYGA: NETWORK FOR ACCESSING INTEGRATED DEPIN RESOURCES

Tayga redefines the deployment and monetization of physical infrastructure by providing integrated access to decentralized physical infrastructure resources. One use case that can be built on Tayga is live streaming, where Tayga provides the structure for networks to access compute and networking modules, enabling them to deliver content more effectively and at a lower cost.

By leveraging the Composer network, a company providing technology to live streaming producers can reduce costs while increasing revenue. This represents a massive reduction in cost-to-serve for these companies.

WHY FUSION IS DIFFERENT: KEY ADVANTAGES

The Fusion approach offers several compelling advantages over traditional blockchain ecosystems:

Fusion makes blockchain ecosystems easier to convene, as Composers are not bound by the zero-sum game that typifies most ecosystems. They can recruit Modules from any chain to provide services for the network.

This creates strong network effects, as each Module added to the ecosystem brings a new, native, composable capability that multiple Composers can leverage. Once the Module ecosystem is established, new Composers can launch rapidly. They can easily incorporate and combine existing Modules in new ways that create distinct business value, achieving outcomes at scale without increasing complexity or cost.

This provides creative agility, as Modules give structure but Composers decide on the optimal configuration for workflows, encouraging experimentation and innovation.

The system is inherently resilient and adaptable. If an existing Module needs upgrading or new Modules emerge, Composers can swap them in and out of workflows without disrupting the entire system.

This flexibility ensures that Fusion ecosystems can evolve in response to technological advancements and changing market needs.

Developer-friendly interfaces, such as SDKs and APIs, make blockchain capabilities accessible for real-world business use.

These tools transform each Composer into a vertically optimized service layer that can be accessed just like any modern SaaS platform—except that it is permissionless, trustless, and token-aligned.

BUILT ON AVALANCHE FOR SPEED, SCALE, AND COMPOSABILITY

Fusion's architecture integrates with Avalanche's infrastructure through the C-Chain for transaction execution and Warp Messaging for cross-subnet communication. This design enables developers to build with familiar Solidity tooling while allowing Modules to be seamlessly leveraged across multiple Composers, fostering powerful network effects throughout the ecosystem.

The AVAX token plays three critical roles in the Fusion ecosystem:

- Settlement Layer: AVAX serves as the primary settlement and gas token for all transactions between Composers and Modules, driving direct utility and demand.

- Security & Governance: Community members who stake AVAX to Fusion validators earn yield while gaining voting rights in ecosystem governance, aligning interests for long-term sustainability.

- Growth Participation: AVAX stakers can opt to receive tokens from specific Composers or Modules instead of standard yield, allowing early participation in promising protocols within the ecosystem.

This integration creates a symbiotic relationship where Fusion's vertical-specific economies benefit from Avalanche's performance while expanding AVAX utility across specialized business applications.

ACCELERATING THE ECOSYSTEM

Fusion is supported by a substantial capital commitment allocated through existing Avalanche ecosystem programs (Metaverse, Retro 9000, InfraBuidl) to catalyze the ecosystem through:

- Funding the launch of new Composers in verticals with real-world applicability
- Supporting Modules that provide the foundational services these Composers need
- Incentivizing developers and builders to utilize Composer APIs and SDKs in real-world products

This financial support is focused on a single goal: enabling blockchain ecosystems to realize their full potential by being beneficial to people, businesses, and institutions in the real world.

The Fusion ecosystem is already supported by a collection of leading companies and projects, including several Composers (Kite AI, Life AI, Tayga), with more being developed in the RWA and identity/AI spaces.

Additionally, generalized Modules are contributing to the ecosystem, with many more partners joining.

FUSION

JOIN THE FUTURE OF BLOCKCHAIN ECONOMIES

Fusion represents the next evolution of blockchain, focused on coordinating services that deliver real-world value.

By introducing a two-tier architecture of Composers and Modules, Fusion moves beyond generic settlement layers to create networks that can organize, coordinate, and scale real-world services with integrity, interoperability, and outcome-based accountability.

This allows Fusion to create productive economies that deliver real services, reward actual contribution, scale efficiently, and remain flexible as needs evolve.

Fusion's innovative approach promises to transform how blockchain capabilities are accessed and utilized, making them as accessible as any modern SaaS platform, but with the added benefits of being permissionless, trustless, and token-aligned.

LEARN MORE AT AVAXFUSION.COM

FUSION. BEYOND BLOCKSPACE, TOWARD OUTCOMES.