

DAO might have the last laugh!

Dr. Milly Perry

This week, Mark Zuckerberg introduced the Metaverse as an emerging and futuristic technology. Since February 2020, the decentralized 3D and virtual reality platform Decentraland has been operating at full steam, while older (non-distributed) platforms such as Second Life and similar gaming platforms have been operating for a decade. The first generation of the Internet essentially digitized the business model without changing its structure. Content was produced centrally top down, as a product for consumers, allowing for limited responsiveness to users. The second generation of the Internet focused on the centralized establishment of platforms for communication and user content exchange (including collecting information from users as a "payment"). Users' increased engagement and online interactions have mostly benefited the corporations that created the platforms, which they viewed as a source of business revenue. The users were, and still are, serving as digital slaves creating the content.

Well, no more! The model has turned over a new leaf. On the Internet, distributed social networks are currently thriving, thanks to the shared interest of many individuals from all over the world (thousands, millions). There is no longer any need to pay the social media corporations and platforms in terms of privacy and data. Decentralized Autonomous Organizations (DAO) are networks without a single central owner in which a self-governing community of stakeholders is formed, promoting shared interests and views.

In a large organization, even when the business is managed hierarchically and centrally (like all giant corporations or commercial companies), governance necessitates a significant investment in coordination costs between personnel, scheduling, conflicting interests, organizational politics, and even basic operation. In a decentralized organization, where there is no management giving instructions for execution and the community manages itself, this is especially true. The new DAO networks are communities formed around common interests and incentives such as purchasing artwork, lending services between users, digital currencies investments, advocating vegetarianism in the world or cooperative banking.

As there is no leader, the group's day-to-day activities are based on a code that constitutes an objective and disinterested platform (operating on a blockchain) for bringing proposals to the agenda, as well as a discussion and voting mechanism through which proposals are examined, voted on, and then put into action. As the budgetary foundation for their activities, these decentralized groups collectively hold virtual, physical, or financial assets. A token (a piece of code representing ownership, voting rights, or other rights) must be acquired at a predetermined fee to participate in the DAO. Despite its name, DAOs are not fully autonomous and require an array that defines governance (who is entitled to rights, for what and under what conditions, how to join, how to leave, and how to stimulate constructive activity to fulfill the DAO's declared goals). Governance aids in decision-making for the organization's financial and operational management. Due to the peer-to-peer nature of the activities, they are transparent, democratic, secure, efficient, and rapid, and thus eliminate the need for any intermediary.

Unlike communities built on centralized platforms (such as Facebook or LinkedIn), the DAO's platform is unbiased, code-based, and impartial. It is used by users to build trust among themselves in preparation for collaborative activity. As opposed to Facebook, the community aspires to bring about the exaction of business and other operational actions, for which members' money, assets, or stake are utilized (by acquiring tokens, which make up the DAO's "treasure" for its function.) Wyoming's blockchain city, for example, was established as a DAO, Decentralized Finance DeFi etc.

Forbes published an article titled "What Are DAOs And Why You Should Pay Attention" (2021). The DAO is perceived as a collective organization (cooperative) owned by its members as a direct democracy. DAO members oversee the budget (as an internal account, not within a bank account). The new organizational structure, which is seen as the future of corporations and commercial companies, profoundly affects the global economy's equilibrium. These code-driven (Blockchain) collectives are already replacing financial services like loans, token investments, real estate and artwork purchasing groups, and more, as well as utilizing Metaverse's forthcoming NFT e-commerce platform. The article invites enterprises, brands, and companies to become conversant with the decentralized structure of future corporations and to study how transactional interactions and immersive engagement characterizing the future economy on our doorstep take place.

Facebook and other mega corporations have yet implemented the blockchain-based decentralization movement paradigm shift that has the potential to turn Facebook's Meta into a meta-joke.



Paradigm Shift

First companies created content - and companies made money. (TV, records, newspapers)

Then, people created content - and companies made money. (Google, Facebook, Amazon, eBay)

Now people create content - and people make money. (NFT, F-ownership, monetization)

About the authors



Dr Perry serve as an expert and consultant for innovation, blockchain, and R&D. Former research director at The Open University of Israel and CEO of its TTO Company. Her first Ph.D. is in Information Science, specializing in KM in Higher Education and Technology Transfer and Innovation, second PhD in Art and Culture Sciences. a board member at EARMA (European Association for Research Administration), an active expert at the EC ERC-PoC and served as policy and strategy director at the Tel Aviv university Blockchain research center. She

is engaged in projects at the Blockchain experts group in the WEF World Economic Forum, the ISO Blockchain Governance experts group and other international organizations as European Blockchain Association , Blockchain Alliance Europe and she is a member of the academic body of INTBA International Trusted Blockchain Applications Association and the entrepreneur and leader of NFT ISRAEL Dr. Perry is an established consultant in Blockchain strategy to corporates, startups and investors in the fields of 4th Industrial Revolution Technologies. She is the founder of DAO4DAOs Institute and BUG Blockchain University Global and ABC Art, Blockchain & Community consultancy. She serves as Head of Blockchain excellence center at the Israeli chamber of Information Technology and a board member at the Israel Fintech Community. Dr.Perry is a Blockchain academic fellow lecturer and the author of the book "Blockchain – Turning ego-system to ecosystem", which includes a variety of use cases, blockchain principles, and practical ideas. The book facilitates and elaborates blockchain new paradigm implementation in society, business, companies, and governments.

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