

DAO 101



Introduction

Explosive Ordnance Disposal (EOD)

Crypto rabbit hole in 2013

UC Berkeley in 2016, co-founded Blockchain at Berkeley

Consulting for large enterprise and ICO's

Dekrypt Capital 2017

SF Blockchain Week 2018

Mirana, BitDAO 2021

What is a DAO

Decentralized = not centralized (this is a spectrum)

Autonomous = Self governed, minimizing central authority

Organization = this is all about people

Facilitated with blockchain

History of DAO's

2009

Bitcoin

2015

Ethereum

2016

The DAO

2017

MakerDAO, Gitcoin

2019

MolochDAO

2021

ConstitutionDAO, FWB,
PleasrDAO, BitDAO

DAO Applications

Grants: Uniswap

Public Goods: Gitcoin

Venture DAO: MolochDAO

Social DAO: FWB

DeFi Governance: MakerDAO,
Compound

Metaverse: Decentraland

Purchasing: LinksDAO,
ConstitutionDAO

Service DAO's: AuditDAO,
VectorDAO

DAO Benefits

DAO's can democratize opportunities, access to capital, and resources

Redefining the concept of work: liquid participation, lower barrier to entry

Ideas and merit reign supreme

DAO's are powerful, ability to spontaneously organize significant capital for a shared goal

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People crave community, social networks failed at that, but combined economic alignment is potentially a better structure

Disintermediation

Disrupting VC's: direct to community rather than funding -> build a community

Gaming: Aligning community incentives, empowering individuals and small studios, Game7

Finance: Community driven decisions should align with community rather than profit

Music and Art: Community supported artists
Oxbelisk

Politics? = Taking on the PAC's

Cycles

Technical solution for a social problem: Trust = blockchain

○ 2017 = why blockchain, why token?

Social problem re-instantiated on technical solution = DAO's

○ 2021 = why DAO?

Understand trade-offs, blockchain is less efficient than centralized servers, DAO's are less efficient than centralized companies. Where do trust anchors exist? Where on the spectrum is acceptable?

Corporations optimized for profit, DAO's are optimizing for community

DAO Tools

Communication

Telegram, Discord

Voting

Snapshot

Forum

Discourse

Treasury

Gnosis Safe

Tooling Shortcomings



Identity/Reputation

Voting

Adding nuance,
not 1 token 1 vote

Communication

Culture/Context

Operations/Logistics

Better DAO's will lead to
better tools, so many
unknown unknowns

Past and Present Entity Structures

Humans have organized themselves
in a variety of ways: from tribes and
councils, to LLCs, and C-Corps

Wyoming DAO

Unincorporated Non-Profit

LLC

Cayman Foundation

BVI Foundation

Understanding Entity Structure

- Mental model: decouple the entity from governance

DAO = governance innovation

Entity = defaults to a partnership (liability), LLC's, foundations etc.

A few companies like Valve have flat hierarchies/self governance

Decisions on best approach are driven by the community location

Distributed = anywhere

Majority from one country = that country

Regulatory Headwinds

Token Issuance

Private Investments (sufficient disclosure vs. Public solicitation)

Ownership/IP (Who signs for/owns things not blockchain native)

Matching governance to existing entities (Is the community deciding or a few people)

Governance

- Progressive decentralization vs. Decentralized from the beginning

DAO's are not binary, understanding the spectrum (1 vs. 10,000)

Speed running corporate governance, country/state governance, understanding history

Take what works, leave what doesn't, what can be changed with these new tools

Governance Considerations

80:20 rule

Free-rider problem

Community engagement Incentives vs. disincentives balancing enough structure without too much structure

Ensuring those who contribute feel they are properly aligned to value created

Mandate of the DAO: Easy to structure for one purpose, much more challenging for a multi-year broad scope mandate

Reality of an adversarial world, manipulation, vote buying - why are votes private ballot for most things. 51% attack to treasury

Proposed Models

From most to least
decentralized

The crowd

- Steering
• Committees/community
• committees

Small founders
group/executive team

BitDAO Model

Over \$2bn treasury, ~\$1bn contributed by Bybit every year

Fractal growth driven by Autonomous Entities (sub DAO's)

Large DAO's should not create bottlenecks (lots of funding but need efficiency)

Experimental ethos: finding the unknowns

Mutualism: No notion of investor and returning capital, if AE's succeed, BitDAO succeeds which leads to more AE's

Partner when possible

○ Don't build in a silo, DAO's have similar problems, let's work together and extrenalize best practices

Macro coordination, micro competition: collaborate on the big problems, differentiate with the niche's

Token swaps with aligned partners

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How Do BitDAO Decisions Happen?

BitDAO perspective:

Refine proposal: compelling narrative, team with ability to execute and drive community growth, partner when possible

Community engagement: First Discord, large partners

Soft proposal: Post to Discourse, get community feedback (no traction, you probably need to go back to step 1)

Snapshot vote: Vote by all BIT holders

AE's

Game7

EduDAO

zkDAO

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oxbelisk

DivineDAO

Proposed by you?

AE Governance

General phased approach:

Steering committee drafting frameworks and incentivizing community committees

- Community committee with SC veto right
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Community committee



THANKS!

ANY QUESTIONS?