Scalable DAO models

DeGovernance models need to be scalable and need efficient structures.

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Something about Me

Italian 🇮🇹

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Product Manager

DAOs Contributor

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Something about Me

Italian 🇮🇹

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An Italian boy, graduated in economics and then IT management, with a passion for technology and IT.

I like playing sports especially tennis.

s Contributor

Something about Me

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Something about Me

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Product Manager

I am specialized in Management with a focus on tech-economic aspects and especially the use of EVM in dApps.

I have worked with several start-ups and collaborate on various projects as a Core contributor or as an Advisor in order to create high-performance and efficient working environments.

Contributor

Something about Me

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Product Manager

DAOs Contributor

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DAOs Contributor

Constantly active in DAOs.

Mainly:
- Grants Council in kwenta.io
- Country lead in synthetix.io

I do Daily R&D about DAOs.
I am a DAO Missionary.

Something about Me

Italian 🇮🇹

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Product Manager

DAOs Contributor

Scalable DAO models: Agenda

01 / 03

WHAT's a DAO
- Definition
- Why learn about dao
- DAOs Goal

Scalability problem
- Key challenges
- Scalability Trilemma
- Token Holder Manipulation

Managing DAOs at Scale
- Social Credibility
- Coordination
- Vote Delegation
- SubDAOs Model

Scalable DAO models: Agenda

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What’s a DAO

What's DAO

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Blockchain technology:
The best mass coordination tool of all time.

—

If we look at DAOs, we can say that they are:

The best tool for the masses to sub-coordinate organisations

Source: https://ethereum.org/en/dao/

"A DAO is a collectively-owned, blockchain-governed organization working towards a shared mission… The backbone of a DAO is its smart contract, which defines the rules of the organization…"

Source: https://ethereum.org/en/dao/

What's a DAO

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To help other DAOs to better coordinate their long-term strategy.

Short/Medium -terms thinking:

- Culture
- Team
- Product
- Fundraising
- Deadlines
- Scaling
- Survive

Long-term thinking:

- Infrastructural Necessities
- Civilization Scale
- Feeding the Network
- Stewardship

What’s a DAO

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1. Balance Decentralized Governance & Operational Effectiveness
2. Balancing tradeoffs between decentralization & profitability of DAOs
3. Minimise regulatory risks
4. Build a self sustainable DAO

Scalability problem

Scalability problem

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Governance →
Slow down decision making process → Difficult to achieve decentralized environment

Scalability →
More users → more nuances in the forum → slower decision making

Profitability →
Difficult to balance the desire for profitability with the need for decentralization

Regulatory Challenges →
DAOs operate in a regulatory grey area, and there's currently no clear regulatory framework. this can create uncertainty and make it difficult for DAOs to opperate effectively.

Scalability problem

- Key Challenges
- Scalability Trilemma 01/03
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Scalability problem

- Key Challenges
- Scalability Trilemma 02/03
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Wide Distribution of voting power (reputation) in the DAO

Governance Throughput Frequency of decision made

Representativity of those decisions in line with DAO majority

Scalability problem

- Key Challenges
- Scalability Trilemma 03/03
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Decentralization:
Wide distribution of voting power (reputational) in the DAOs.

Scalability:
DAO's governance throughput, or the frequency of decision made.

Resilience:
Representativity, or that the DAO's decisions are in line with the majority of reputation.

Scalability problem

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Heavy supporters & contributors that should have a better DAO position based on their commitment and on-chain reputation can be Overtaken by someone (who can buy or borrow tokens, exploit in some way the DAO contract) and that can manipulate his position within the DAO.

One solution could be an on-chain attestation/recognition method that would allow people to vote or at least have more say.

Tornado cash - Study Case:

Someone exploited the governance contract.
He deployed the Tornado governance contract and thanks to a malicious proposal the attacker granted themselves 1,200,000 votes.

Through governance control, the attacker can:
- withdraw all of the locked votes
- drain all of the tokens in the governance contract
- brick the router

However, the attacker still can't:
- drain individual pools

Source: https://twitter.com/samczsun/status/1660012956632104960

Managing DAOs at scale

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DAO doesn’t mean that a Leader is not needed. Decision making process is different than giving a direction.

It's important to note that DAOs should not eliminate middlemen or middle management, as they play a crucial role in delivering products and driving improvement.

By working alongside them, DAOs can better coordinate their efforts and achieve their goals more effectively.

Managing DAOs at scale

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Social Credibility

Not really a token holder matter but it is something more related to the position you have in the project or in general in the space.

Currently, Optimism Governance is addressing the problem through badges and on-chain attestation.

Optimism is also working, in partnership w/Ethereum Fondation on the Ethereum Attestation Service (EAS)

Source: https://attest.sh/

Managing DAOs at scale

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Signatures

Make DAOs more accessible for normies

Lack of accountability

Managing DAOs at scale

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The delegation concept

Sub-DAO bodies (autonomous) that manage different areas of the DAO itself.

SubDAO delegates are chosen by the community on the basis of their on-chain and off-chain reputation & commitment to the DAO itself.

Synthetix - Study Case:

The Synthetix governance structure is composed of Councils, Committees, Core Contributors and a DAO.

The 4 Sub-DAOs here are:
Spartan Council, **Ambassador Council**, **Grants Council**, **Treasury Council.**

Each governance component is assigned a specific aspect of protocol governance.

Councils are directly elected by SNX stakers, while other governance bodies are appointed according to the existing governance procedures.
All of the components work together to ensure that the protocol is governed in a fair, transparent and legitimate way in accordance with the direction provided by token holders.

Source: https://synthetix.io/governance

Thank you for your attention

Read more about the presentation and about me by scanning the Qr codes

Andrea0x.eth

Presentation