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Kairos Protocol | Or how Terra can bring DAOs into the real world



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Would you say that you are working for or with somebody? Weird question, right? Let me try again: Imagine companies, groups, or institutions that could work without a central entity. Do you believe they could collaborate effectively in that scenario? A scenario without one owner but a multitude of equal, ambitious, and motivated owners.

The internet, social media, and, eventually, smart contracts are changing our ideas on cooperation. However, I am getting a bit ahead of myself. So let me tell you this. I believe we have all the tools at our disposal to work together in a more sustainable, effective way as equal, sovereign beings.

We need four things for that: A DAO, a token, Terra, and *Kairos Protocol*.

**Kairos
Protocol**

**Create communities.
Cultivate future.**

The roadblock for true cooperation

Cooperation in humans has indeed attained a unique level of sophistication as compared to any other species. Nevertheless, it is not always easy to work together. The bigger the group, the harder it is to align on pursuing a goal.

Thus, people started creating structures like nations, cooperation, or clubs that act as third parties. As a result, a small amount of entrusted community members is entitled to more power to facilitate a working environment. Consequently, we rely on systems of top-down hierarchies when there is a need to cooperate in large groups. The larger the group, the more hierarchies are needed. That is the reason why you have a boss (or why you are the boss, and most likely also have another boss above you). One caveat to this: We will never know if your boss genuinely acts in your interest. As outlined, you need to trust what they do. This phenomenon is commonly known as the agent dilemma.

I asked myself several times: Can we do better? Is there a way towards a more cooperative, trustful, and sustainable future while giving everybody a voice? I think there is. And it kicked off in 2008.

Something changed: A new way to trust emerged.

In 2008, Satoshi Nakamoto created Bitcoin. With Bitcoin, he designed the first system that enables trusted peer-to-peer financial and scalable transactions without a third party. He based the system on cryptography, relying on a decentralized, open ledger (blockchain) through computation. And Bitcoin is the ingenious economic incentive that works as glue to all of this, leveraging the power of free markets.

I don't know if he was aware of what he created. But, eventually, he allows us to radically change the way we allocate trust in groups, opening up the ability to collaborate, transact, and engage with everyone, every time, everywhere. All of this happens through the internet. I still get goosebumps when I think about his work.



Traditional and Decentralized Organization Models

In other words, Bitcoin represents the original real-world implementation of a so-called “decentralized autonomous organization”; in short, DAO. Later, with the emergence of Ethereum, the concept of a DAO moved up the technology stack from a simplistic blockchain protocol to smart contracts.

A DAO? Yes, this concept will give you a louder voice for the things you love to do and engage daily with your peers. Would you mind letting me elaborate on what I think will be the most important word of the next decade?

Part 1 | The DAO enters the stage

First, let us take the concept of decentralized systems and apply it to a company or organization. Thus, we implement decentralization and get rid of your boss (or you? Man, I need to be more careful!). As mentioned above, the concept is called a DAO. So, instead of using my words to explain it, I searched for the best (and shortest) definitions online. 0xVentures posted just a few days ago this on [medium](#):

“DAOs are internet native organizations, owned and managed by a community, [...]. DAOs include all members in the governance and allow for voting on how/what the DAO should do. At the heart of a DAO is a common goal or core mission for the members.”

Another [article](#) from Ezra Weller makes it a little more formal:

“A DAO is an organization that runs on peer-to-peer software backbones and empowers groups of people to make non-hierarchical decisions about shared resources. In a DAO, a network of peers encodes its protocols for decision-making into

secure decentralized software called smart contracts.”

And I also checked the OG smart contract facilitator: Ethereum.org. They say this:

“Think of [a DAO] like an internet-native business that’s collectively owned and managed by its members. [...] The backbone of a DAO is its smart contract. [...] [T]he group makes decisions collectively, and payments are authorized automatically when votes pass.”

So, a DAO is a smart contract-based organization where members require voting for any changes. All activity is transparent and fully public. However, “*at the heart of a DAO*,” members have a common goal. Maybe the goal shifts, but members can always find a new consensus on what they want to achieve through governance.

Therefore, a DAO enables new concepts of pooling motivated talent and sustainable capital. Instead of relying on founders or venture capital, a same-minded group takes ownership. Everybody participates because they are motivated to contribute, as they are simultaneously share- and stakeholders.

Those concepts have been already commonly seen since the rise of social media. Social media empowered people to take ownership and value creation to themselves. A DAO is the representation of this individual sovereignty transferred to a group. Thus, I think it is not far-fetched to believe that the future will be co-built, co-created, and co-owned by community members.

Now, how to achieve governance, participation, and membership? For that, DAOs can take advantage of blockchain tokenomics. Tokens can serve as currency and as means for governance decisions. So let’s focus first on the participation and come back to the governance later.

Features of a Smart Contract based DAO

So, every DAO member holds tokens. Those tokens represent a value and trade permissionless. Thus, it is in the member's best interest for the DAO to do well. If they think the future is bright, they can either try to buy or earn more tokens.

Is your mind going in the same direction as mine? For example, my thought process is this: If a member benefits from the increased DAO value, will this influence their motivation to interact with the community?

Oh boy, yes, I think it does, which means that we empower participation and change value creation forever.

Part 2 | Tokens as a mean of social value capture

So, let's have a look at what a token-driven DAO can achieve. There are two ways to approach this. On the one side, liquidity needs to enter the system. We will touch upon this later (Part 3). On the other side, the induced liquidity is transferred to tokens that represent the community. The use cases of those tokens range from governance tasks or access to goods and services over currency and more. Most importantly, tokens can capture social value.

I think it is easier to grasp the magnitude of the token-driven DAO with an example. So, let's create one. For simplicity, our DAO will be a fitness club. So, we call our DAO, and the tokens DEGENSPORTS (\$DEG)(did you expect anything else? :))

What do we need for our sports \$DEG DAO? We need a garage, some fitness equipment, a Discord server (to exchange about sports and nutrition and plan classes), a motivated coach, and capital. So, first, we create a Discord and describe our idea of a community-run sports club. Then, we calculate the cost and open a pool to raise funds. In exchange, people receive our \$DEG.

Why would anybody join? Well, sport is about helping build stronger, healthier, happier, and safer communities. It brings people together, providing opportunities for social interaction. I identified one thing: The best fitness and sports clubs are the ones that have the most robust communities. People want to contribute and have fun. I have written that down in the DEGENSPORT manifesto.

\$DEG is born and thriving

Let's say I can find fifteen people for initial funding. The initial pool would raise enough capital to bootstrap our \$DEG club. We rent a garage, buy some equipment and contract a coach for two classes a week. The members select the coach by a token vote.

Those token have to be used to participate in classes. We also implement a monthly fee, which members have to pay in exchange for tokens to pay for the courses. If a member signs for a class and doesn't show up, he loses part of his tokens as punishment.

Every decision is a governance vote, where the members can participate with their tokens. On top of that, we create an incentive system where members who take part in classes or post regularly on Discord receive rewards. For special occasions, we even mint NFTs. The list goes on like this. We create a \$DEG tokenomics ecosystem.

Fast forward six months. The community grew by 100 members. An unexpected network effect occurred. Members were happy to decide on how a **THEIR** community understands fitness and life. We had to hire three more coaches and rent out a new place. Some equipment broke. No problem, the smart contract immediately ordered a new one online after the top token holders agreed on the severe damage. We raised more capital for tokens. The city fell in love with the concept and became a partner. As a result, \$DEG has become a cultural movement.

“But, ser, is this all possible?”

At this point, you might have two thoughts. Either you think I am crazy (in this case, you probably stopped reading a while ago. So you are indeed not reading this). Or, you see what I see. Maybe you already have an idea in mind for the DEGENSPORTS club. Perhaps you want to join yourself.

The DAO motivates members similar to how miners are incentivized to mine Bitcoin. It is not only about governance or membership. It is about a positive feedback loop induced by the tokens. You might want to call this the social Bitcoin effect. I call it “Proof-of-Culture.” Side note: The members and token holders are also their future

customers, investors, and supporters. They create their ecosystem without facing *the agent dilemma* (bye-bye centralized boss entity).

“But ser, why didn’t we already have those DAOs everywhere on the planet? What am I missing”.

Fair point, and I think there are two things, why DAOs haven’t arrived in the real world yet. First, a DAO is a complex structure. On the internet, a multi-sig wallet might be enough to achieve a particular goal. However, a network needs a working smart contract basis that not everybody can create. Furthermore, the DAO has to be accessed, maybe even contain additional features to enable cooperation and collaboration like a calendar, messaging functions, and token wallets. I call this the “**creation dilemma**” (be ready to read about this in part 4).

Second, real-world DAOs need to have a secure basis for mainstream adoption. They need an infrastructure for steady cash flow income and outcome, as ongoing payments. If a DAO runs a cafe or club, there is a need for reduced volatility in the managed funds. The value of the tokens can fluctuate daily and will most likely lead to bankruptcy. I call this the “**funding dilemma**.”



Challenges for Real-World DAOs

Man, if there would be something smart-contract based and decentralized that could give us financial stability in local currency to solve the “**funding dilemma**.”

Part 3 | Terra solves the funding dilemma

“Intuitively, nobody wants to pay with a currency that has the potential to double in value in a few days or wants to be paid in a currency if its value can significantly decline before the transaction is settled. The problems are aggravated when the transaction requires more time, e.g., for deferred payments such as mortgages or employment contracts, as volatility would severely disadvantage one side of the contract, making the usage of existing digital currencies in these settings prohibitively expensive.”
(Terra Whitepaper)

I guess you have read this part before, am I right? I make an educated guess and bet my \$DEG that you have. So I think there is not more to add at this point. We have found a solution to our “funding dilemma” on the blockchain.

We need a system of stable coins to enable the concept of DAOs in the real world. A real-world DAO can only be bootstrapped in a natural business environment if it can rely on stable and local funds. A DAO, for whatever reason, be it a coffee place, a sports or a nightclub, needs the security of a regular income to pay for monthly outcomes like rent, wages, professional fees, salaries, pensions, social security payments, etc.

There is only one ecosystem capable of having real-world DAOs running on every place in the world: **The Terra Ecosystem**. As outlined in the white paper above, stability is a must for the mainstream adoption of contracts. No other environment can mint stable coins for every existing currency on the planet. \$UST, €EUT, \$AUT, £GBP. Likewise, no different ecosystem can rely on a saving protocol that can leverage the funds of the DAO like Anchor Protocol.

The Terra ecosystem is ideal for hosting the first protocol to run real-world DAOs.

Did the right moment finally arrive?

So, where are we now? First, we have touched upon the three founding pieces we need to revolutionize the cooperation between humans, inducing trust, computation, and efficiency.

Part 1: The DAO gives us the capability to democratize power with decentralized smart contracts on the blockchain. The DAO is the system required to opening up the ability to collaborate, transact, and engage with everyone, every time, everywhere.

Part 2: The social token is the economic incentive driven by the ability of free markets that leverages everybody who wants to collaborate. Finally, every participant can take both sides of the table, becoming shareholder and stakeholder; supporter and entrepreneur; consumer and producer. The basis for a truly sustainable economy is capturing culture as the ultimate value of communities.

Part 3: The Terra ecosystem provides the missing piece to introduce the concept of DAOs with social tokens to the real, analog world. The capacity to mint algorithmic stablecoins equips DAOs with the security they need to interact with established business partners in day-to-day business transactions.

However, I believe that there is one last piece to enable the real-world DAO. We need to solve the “**creation dilemma**.” So here we go with part four!

Part 4 | The moment of Kairos Protocol

This is the perfect time and place to break the ice between the internet and the mainstream world to sustain cooperation between equal, sovereign human beings genuinely.

Let me, please introduce you to **Kairos Protocol**. **Kairos** is the Greek god of opportunity and supreme moment. The ancient Greeks had two words for time: Chronos and Kairos.

While Chronos refers to sequential time as quantitative nature, Kairos has a qualitative essence. This is because Kairos stands for the indeterminate moment when something extraordinary happens: The experience of the qualitative sense of a supreme moment.

I propose **Kairos Protocol** as the first operating system for real-world decentralized autonomous organizations (called kDAOs) running on the Terra blockchain.



Create communities. Cultivate future.

Enable social organizations.
Empower true membership.
Seek for common goals.

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The protocol provides a framework for the essential functions organizations require as governance, structure, authority, and financial asset management. On the one hand, it aims to support the entire process of building DAOs. On the other hand, it facilitates the members to interact with the DAO. Ultimately, Kairos shall capture everything from basic peer-to-peer decision-making modules to a fully functional user interface that requires no technical knowledge. It shall make smart contracts mainstream.

Kairos has four protocol parts. Kairos is the primary protocol and acts itself as a DAO. It is mainly responsible for the governance of its modular system and is responsible for the value capture of the ecosystem via \$KAI. Kairos will lead the path proposing a new governance approach that is not only driven by tokens. Instead, Kairos introduces the concept of honor that decays over time and is not tradeable. Tokens and honor together will ensure a fair, consistent, and equal governance process.

Furthermore, Kairos acts as the supreme court for the three sub-protocols ***Gaia***, ***Hermes***, and ***Artemis***.

Gaia is the personification of Earth and serves as the on-ramp for Terra stablecoins. As the gatekeeper for in- and outcoming financial assets, she also interacts with other protocols on the Terra blockchain. In addition, Gaia administers all the vaults and wallets created in the ecosystem.

Hermes is the backend of new kDAOs. Hermes is considered the herald of the gods. He brings the possibility to create a DAO to the real world. Hermes represents a modular system where a user can build without technical knowledge a new organization. There are mandatory base modules for governance and finance. The contracts of Hermes enable the setup of payments, budgeting, permissions, and contract execution. The core feature of Hermes is a visual programming tool to create smart contracts without technical knowledge. This tool also offers frontend modules such as messaging, calendar, and profile functions.

A new organization built on Hermes is called **Poli**. A Poli consists of several **Chorios**. Due to the modularity of Hermes, there is total flexibility to how Chorios may be structured in terms of tokenomics, governance, and financial assets. In a nutshell: Hermes defines and enforces business rules. And Kairos will constantly improve the modular features of Hermes.

Artemis is the goddess of the Moon. She represents the frontend for the organization members but is not a mandatory feature. Hermes provides modules on the blockchain that Artemis interacts with as frontend. Artemis will run primarily on mobile devices. To simplify the user experience, Artemis will contain access to the user wallet and user profiles. A long-term goal is to integrate NFTs to extend the concept of non-fungible tokens that can be obtained for achievements.



KAIROS PROTOCOL

Cultivating sovereign communities

Kairos | Governance & Value Capture

Gaia |
Terra On-Ramp &
Financial Vaults



Hermes |
Modular Backend
for DAO Mgmt.



Artemis |
Mobile Frontend &
Wallet



Kairos Protocol Ecosystem

The modular setup of Kairos enables a step-by-step approach to develop the final solution. First, the development priority has to be set on Kairos and the proposed honor-token governance feature. Hermes enables the creation of DAOs. Thus it shall be the second development priority. Finally, the focus has to be set on the visual smart contract creator. Gaia and Artemis can be added later, as the visual smart contract creator and honor-token governance feature need priority.

The mentioned features of Kairos can be found in similar projects as a reference: Aragon and DAOStack for a modular governance backend, Colony.io with their reputation model for the honor-token governance system, and Cardano Marlow for visual smart contract creation.

A golden opportunity for Terra's growth ambitions

Kairos's most significant achievement is the mainstream adoption of DAOs via Terra stablecoins. Stability plays a vital role for a real-world DAO in two critical ways: Financial liquidity and business stability.

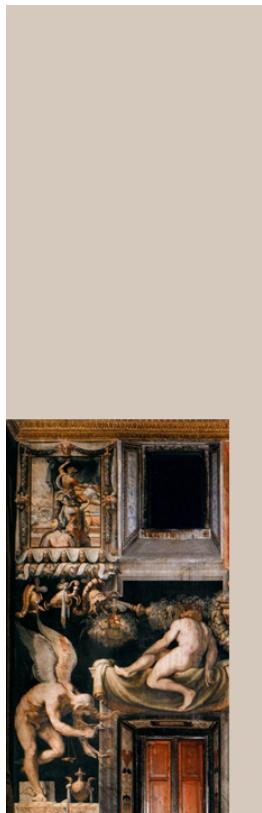
Gaia should enable the inflow of liquidity to every kDAO. As for the example of sports clubs or other membership-driven organizations, Gaia would capture a monthly influx of revenue stream. This revenue stream would create new demand to mint not only \$UST but also other stablecoins such as €EUT or £GBP.

Of course, there is also the topic of outgoing cash flow for wage or rent. One of the main goals of Kairos has to be to create a narrative, why those funds should stay in the ecosystem. This creates possibilities to on-ramp more “no-coin” business. Payment apps like Kash.io, Alice, or Chai would have critical roles to have participants not move their funds out of the blockchain.

Eventually, the Kairos Protocol could become the true endgame for the Terra ecosystem to grow. The on-ramp of new protocols on the chain, thus original online DAOs, would lead to a flood of new people with bright ideas on enhancing the ecosystem with new protocols. All those new protocols would be able to take advantage of every existing project on Terra by default.

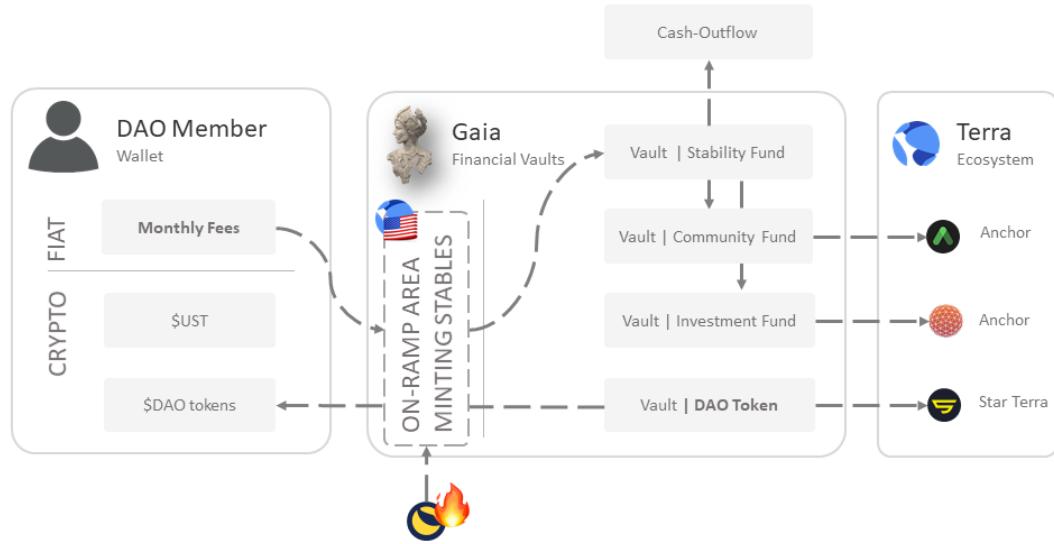
For example, **Gaia** would regularly interact with **Anchor Protocol** as a saving account. DAOs could take advantage of **Mars Protocol** to get loans. **Pylon** might be the channel

for every interaction of reoccurring payments. **Star Terra** could show the future of funding Polis.



KAIROS PROTOCOL

Benefits for the Terra Ecosystem



Kairos interacting with the Terra Ecosystem | Benefits

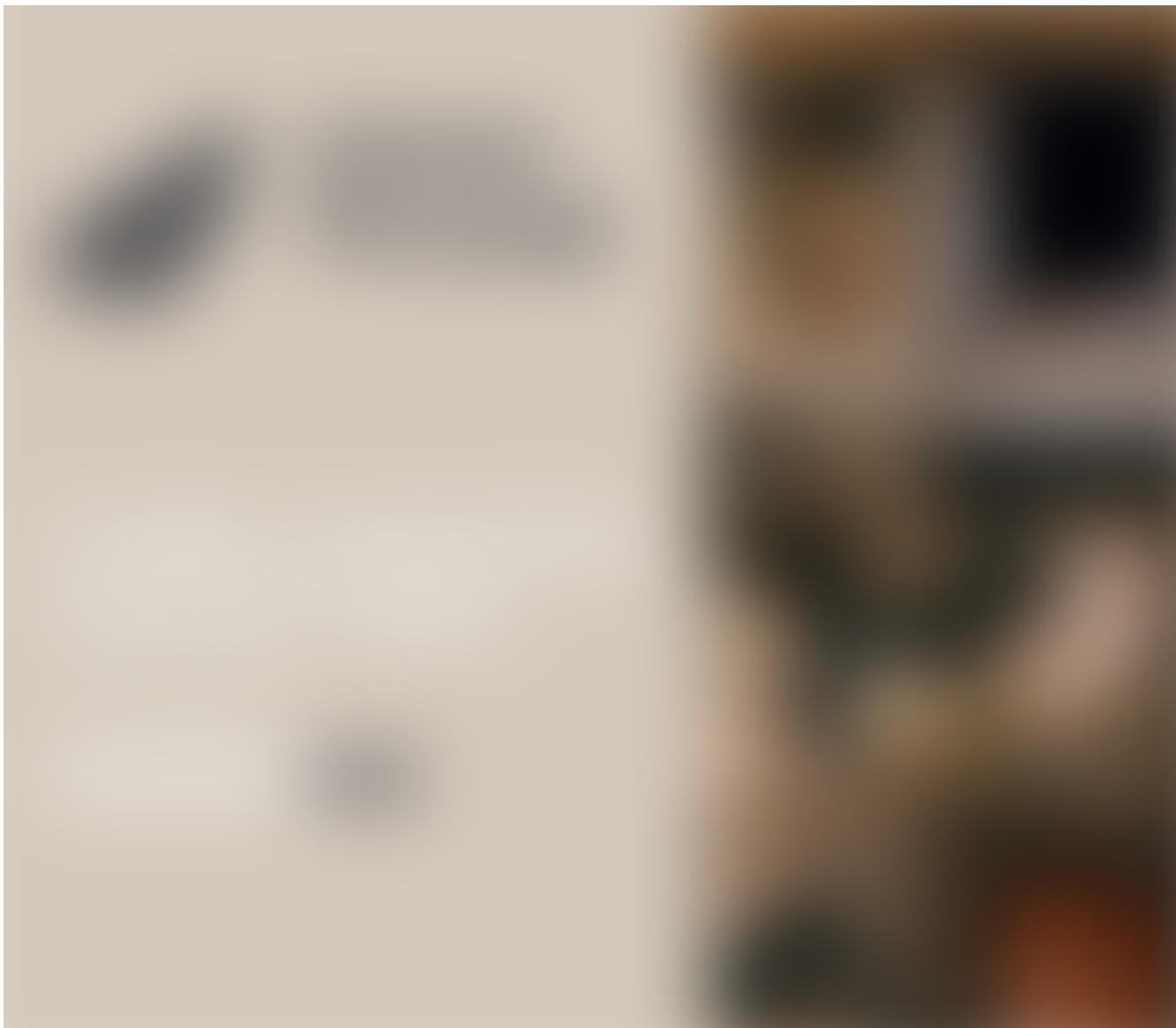
Of course, there is one caveat to this. As of now, DAOs are in a legal grey area. Therefore, a significant research effort must be taken to understand this new concept's effects and long-term possibilities per country.

Why I believe in Kairos | Closing Thoughts

I want to be honest with you. If you made it here, I have to tell you this: Kudos and thank you very much.

However, with the bounty, I had the chance to finally write down the proof of concept for Kairos Protocol, which has been in my head for several weeks. It sounds like destiny, knowing that I had the name in mind already.

I believe in decentralization. I believe in the cooperation of sovereign human beings. I think that we are all the best version of ourselves when we pursue what we love.



Decentralize autonomous organizations could be the key to a great future. The moment I discovered the beauty of the Terra blockchain, I could not think about anything else than this: Kairos and Terra. Stability to finally introduce decentralization in our daily life.

I did as Kairos said: I took the opportunity.

So, would you get some \$KAI?

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