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[Can Blockchain Disrupt Online Advertising and Eliminate Manipulation?](#)

by [Avivah Litan](#) | January 22, 2018 | [Submit a Comment](#)

Brave, a startup that makes a new Blockchain-based browser, just announced a million dollar cryptocurrency giveaway to promote consumer use of its browser. See [Brave Browser Begins Million Dollar Token Giveaway](#). Brave hopes that consumers will use their new currency to reward content and service providers they interact with, and will stick around to keep earning more.

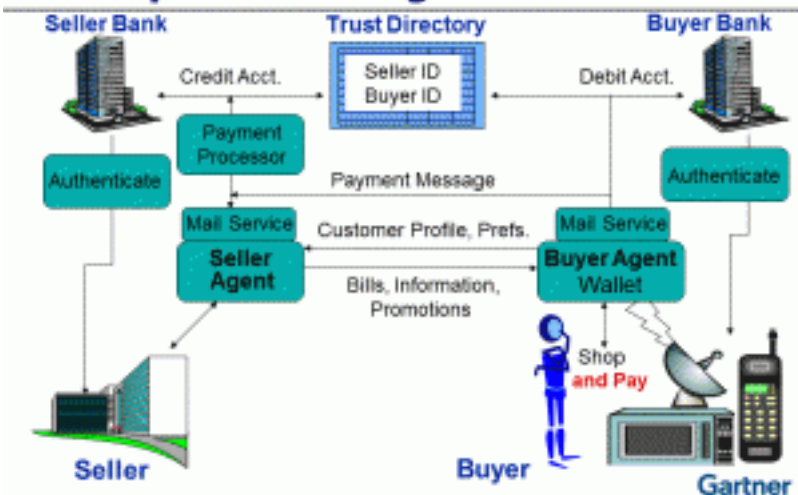
The browser is still in beta but the concepts it is built on are not. In essence, it attempts to give power back to users by allowing them to drive their own private browsing experience in a noisy cluttered ad-ridden online world.

Remember the long ago bubbly days of the dot com boom? We truly believed (at least I did) that the widespread adoption of browser based services would revert power back to the consumer. In the new web models, the consumer owned their own data, and based on their profile and preferences, would be delivered only the information, services and advertisements that they were interested in. It would be the start of an electronically based demand driven economy.

Here's a diagram I drew back in 1999 trying to depict this scenario for Internet Payments, albeit using the

banking system rather than a Blockchain ledger.

Payments 2004: Empowered E-Agents



Source: Gartner “From Plastic to Digits, the Payments Transformation,” Avivah Litan, 1999

Well it never quite happened this way. Instead, entrepreneurial advertising networks and middlemen got in the way, captured most of the revenue via complex costly webs of advertising relationships, while delivering a poor experience to the user.

End Result: No Data Privacy and Incessant Annoying Tracking

The end result: Consumers are robbed of data privacy, tracked incessantly, and don’t even know who has their data and where it’s going. Consumers have a degraded and costly online experience, especially on mobile phones where ad downloads are obnoxious, time consuming and expensive to data plans.

Consumers now ignore most electronic ads if they haven’t bothered to download an ad-blocker, which are now reportedly resident on 600 million endpoints.

On top of this, publishers (e.g. newspapers) are seeing ad revenue decline, going out of business, and getting commoditized by the new gatekeepers – giant web properties and search engines who keep getting richer off growing electronic ad revenue. At its worst, the resulting hunger for click bait is eroding our free independent press, a key pillar for democracy.

Not to be left out, enterprising hackers are also getting rich off this convoluted architecture, earning well over \$7 billion in advertising fraud in 2016, according to industry sources.

And of course, countless data breaches have proven that our private personal data is falling into criminal hands and can be and often is used against us to steal our money and impersonate our identities.

Can Blockchain Technology Fix this?

Startup Brave, founded by Javascript inventor and Mozilla cofounder Brendan Eich is trying to change this model, lower the social costs, and bring privacy and security back to consumers. Brave implements a private Ethereum Blockchain based ledger and privacy-protecting browser that blocks ads and tracking unless consumers specifically opt into them. Apparently the public Ethereum Blockchain can’t scale yet to handle advertising networks but theoretically this new tech could run on the public chain once it can. Brave user attention is rewarded with BAT tokens, currently issued as part of the million dollar cryptocurrency promotion referred to above, which users can then use to fund favorite websites or to participate in various BAT-accepting loyalty programs.

So who needs Blockchain?

Brave takes advantage of technology enabled by Blockchain, unlike many Blockchain projects that could just as easily use legacy architectures. Here's what Blockchain enables for Brave:

1. Peer-to-Peer cryptocurrency micropayments that don't need to be cleared by a costly central payment clearinghouse.
2. Encrypted, secure, immutable, and distributed ledger storage of anonymized consumer data that consumers opt in to share with advertisers, and which only the consumer owner can decrypt.

You can read more about the tech here: brave.com

Attention: the new unit of value

I believe Brave represents a pioneering attempt to change the value of online exchanges to personal ATTENTION rather than meaningless unverifiable clicks which can easily be falsified e.g. by bot networks engaged in massive ad click fraud schemes. Other startups will likely build on this theme and introduce similar innovation. (We will soon be publishing a research note on this evolving ecosystem).

Brave's business model is built on the concept that user ATTENTION is what should determine the value of exchange, and that's what advertisers should pay for. Hence the term Brave Attention Token or BAT.

This concept rings very true. I recently finished Yuval Harari's book, Homo Deus (a sequel to Sapiens) and one of the most noteworthy impressionable quotes I read in that book was that

"...Humans are relinquishing authority to the free market, to crowd wisdom and to external algorithms because we cannot deal with the deluge of data... We just don't know what to pay attention to, and often spend our time investigating and debating side issues.

*In ancient times, having power meant having access to data. **Today, having power means knowing what to ignore...***"

This new browser model doesn't eliminate the use of algorithms to determine our interests (they are based in the browser), and as such it too can limit our future vision and views to follow the same paths we have been interested in before. But at least the determined paths are controlled by algorithms running in our own devices and not by some master internet gatekeeper sucking up our personal data and manipulating it for their own commercial gain.

Internet Bubbles – Phase 2

The crypto Blockchain bubble is evolving concepts we explored and implemented during the dot com bubble two decades ago. The stakes and pace of change are only magnified now, and at least in this case – user driven private browsing experiences – the benefits seem in closer reach than they have before.

Perhaps we really will move to a consumer demand driven online economy and perhaps we really will be able to maintain our privacy while blowing away all that online ad pollution. If nothing else, Blockchain based browsing is a great example of Blockchain innovation that just may pay off — in attention gains of course!

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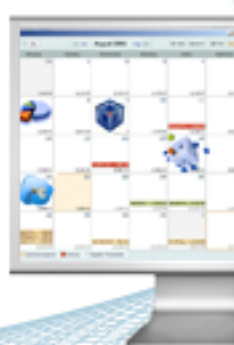
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