Blockchain Will Define the Future of Social Networks

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The year 2016 revealed quite a few emerging and exciting trends across industries (VR in retail, chatbots in commerce, PFM and banking, etc.) with blockchain technology stealing the show, as always. Distributed ledger technology is not really an emerging topic anymore – the applications have not been leaving minds to rest for a second with exciting ventures discovered almost every other week.

The social media industry, on the contrary, has truly embraced a commercial side of it since the beginning of this year as it went far beyond being a communication and social connectivity tool. Social media platforms are expected to play an increasingly important role in risk assessment, evaluation of one's trustworthiness and have firmly set foot in the financial services industry. E-commerce witnessed a revival with social media and has become a powerful sales driver. In the US, Facebook is one of the most powerful companies that was able to cross the line for the whole social media industry to take it from digital socializing place to brand engagement, commerce and marketing platforms.

But the good can't last forever and the cash-covered trail for large social media companies is about to take an unexpected turn as some bright entrepreneurs are aiming to bring to life the next generation of social media platforms – decentralized social networks.

So far, decentralized social networks (DSN) are at a very early stage of development. A few examples that have been highlighted by professionals are Datt, DECENT, Diaspora*, AKASHA and Synereo.

How will decentralized social networks work? *CoinTelegraph* breaks down the basic, twofold idea of a decentralized social network:

- *If users can create wealth, they could be paying for the value they produce.*

- *Users can contribute to the network by editing the open-source software behind the social network itself.*

As the edition defines the concept of open-source DSN, it allows different servers to be linked through the same software. It is a kind of social network that is able to ensure strong privacy standards because user data can't be stored or controlled by any central agency or owning company (which is the case with Facebook and other classic social networks).

DSN enthusiast, Anari Sengbe, Founder of ProducTank, predicts that the future of social networks lies in decentralized platforms. As Sengbe shared this Monday, *"…decentralized social networks are going to become the norm, based on the reward incentives they will work. <…> A generation is starting that may never use Facebook because they can't understand the concept of feel good likes over monetary likes."*

The matter of personal privacy and security is rightfully a cornerstone of DSN given that today's Internet is becoming centralized, with billions of users dependent on a handful of large services. Adding to that consolidation of the largest companies under one umbrella, there are really just a few companies behind the mass of apps on our smartphones.

Anderson McCutcheon, one of the Co-founders of Synereo, believes that the consolidation of power by giant tech companies – what he calls "digital feudalism" – is merely a phase that could soon be disrupted by a less centralized distribution of rewards.

As McCutcheon said to the Geektime, *"If we manage to decentralize a social network, it means that we can decentralize content distribution, decentralize communications. We can decentralize streaming. We pretty much make the existing model obsolete."*

"…should Synereo succeed, once we get to a certain point in terms of our user base, you will no longer need Uber, because Uber is a service that has no reason to be centralized. The same goes for Instagram and WhatsApp: No one will need this central entity anymore. You can provide the same kind of service in a distributed manner. Everyone has
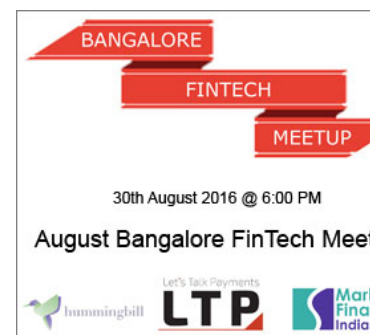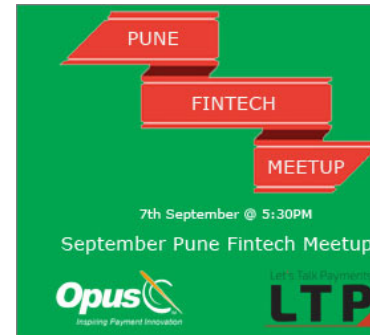
enough bandwidth, storage and computational power to power a simple Uber-like application on their own phone and not have this $40 billion company sitting on top of it," McCutcheon shared with the Geektime.

Indeed, the ride-sharing industry, just like social networks, is a highly centralized space with two dominant players leading the pack: Uber and Lyft. Both are brands that consumers and drivers trust to match supply and demand. But this could be disrupted by blockchain. If you can authenticate a driver or rider without Uber (which is what very early-stage players Arcade City and La 'Zooz are hoping to offer), doesn't Uber become unnecessary?

While it is really early to doom Facebook, Instagram, Twitter and other owners of our digital social lives, the change is most likely inevitable. The future success of nowadays leaders is a big question, given that Facebook users, for example, are reported to be sharing less. Without the personal updates, Facebook becomes a glorified, $327 billion content recommendation engine, as stated by *Fortune*. However, only the full-blown launch of DSNs and their traction will demonstrate if they could be a viable alternative to existing leaders.

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