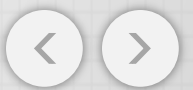


HOW DO SMART CONTRACTS WORK?



WORKING OF SMART CONTRACTS

- First lets understand the two main components of the smart contract:
 - Smart Contract Code - The code that is stored, verified and executed on a blockchain.
 - Smart Legal Contracts - The use of the smart contract code that can be used as a complement, or substitute, for legal contracts.

STEP-BY-STEP: CODING

- Code is what goes into the Smart Contract
- Because smart contracts work like computer programs, it is very important that they do exactly what the parties want them to do.
- This is achieved by inputting the proper logic when writing your smart contract
- The code behaves in predefined ways and doesn't have the linguistic nuances of human languages, thus, it has now automated the “if this happens then do that” part of traditional contracts.

STEP-BY-STEP: DISTRIBUTED LEDGER

- Distributed ledger is how the smart contract is sent out to everyone in the network
- The code is then encrypted and sent out to other computers via a distributed network of ledgers (i.e. Distributed Ledgers).
- If this is done via public permissionless blockchain such as bitcoin, the contract is sent out similar to the way that a network update of a bitcoin transaction would occur.

STEP-BY-STEP: EXECUTION

- One the computers in this network of distributed ledgers receive the code, they each come to an individual agreement on the results of the code execution
- The network would then update the distributed ledgers to record the execution of the contract, and then monitor for compliance with the terms of the smart contract
- In this type of system, single party manipulation is avoided because control over the execution of the smart contract is no longer possible because execution is no longer in the hands of a single party.

WHAT APPS ARE BEING DEVELOPED

- Real Estate
- Governance
- Record Keeping
- Data Security
- Decentralized Organization
- Crowdfunding

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THANK YOU FOR YOUR TIME