# What is CollabTech?

The average person spends a third of their day at work. This is more than we spend on entertainment, connecting with friends and family, or gaming. CollabTech is what we call those tools that we use to work together - efficiently, at scale, and with more freedom.

The traditional corporate world calls these tools "B2B SaaS", which is a key business vertical with a market valued at USD 327.74 Billion (2023). It is projected to reach USD 1088.15 Billion by 2030, growing at a CAGR of 18.7% (using data from B2B SaaS). CollabTech can be thought of as the next generation of B2B SaaS, built on decentralized blockchain technology (or Web3). However, software-as-a-service might no longer be the ideal business model and Cloud infrastructure would be replaced in good part by blockchains.

Collaboration Tech in B2B SaaS:

- Enterprise Resource Planning (ERP)
- Customer Relationship Management (CRM)
- Human Capital Management (HCM)
- Collaboration, Communication, and Knowledge Management Tools
- · Financial Management and Accounting Software
- Supply Chain Management (SCM)
- · Business Intelligence (BI) and Analytics
- · Marketing Automation
- · Sales Automation (e.g. CRMs)
- · IT Management and Security

# The Case for Collaboration Technology in Web3

We can think of the first Web3 effort at CollabTech as The DAO in 2016. It is a very early example, but also a cautionary one. Web3 CollabTech remains largely underdeveloped despite its long history. On top of the challenging volatility of the space, important setbacks have included large-scale hacks (e.g. The DAO), ill-conceived forms of governance that led to the quick rise and downfall of DAOs as a meme, lack of sustainable business models in NFT communities, and an adverse regulatory environment in the USA. These early and frequent setbacks have reduced interest in the category and led to it being frequently misunderstood - placing it in the canonical Trough of Disillusionment.

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en.wikipedia.org

#### **Gartner hype cycle**

The Gartner hype cycle is a graphical presentation developed, used and branded by the American research, advisory and information technology firm Gartner to represent the maturity, adoption, and social application of specific technologies. The hype cycle claims to provide a graphical and conceptual presentation of the maturity of emerging technologies through five phases. Each hype cycle drills down into the five key phases of a technology's life cycle. The term "hype cycle" and each of the as...

We believe that we can climb the Slope of Enlightenment by creating a rigorous understanding of the end-to-end flow and the critical needs in the space, bringing diverse expertise together (tech, design, business, and social sciences), and executing a rigorous and systematic innovation process.

Importantly, we see that despite CollabTech's complicated history, there are numerous and significant reasons to take it seriously as a key vertical for Web3. Namely:

- · It's a large market with low competition and high potential for blockchain utilisation
- Web2 CollabTech is ripe for disruption and Web3 can address key failure points

- · CollabTech provides new use cases for Orbit chains and other Arbitrum infrastructure
- Collabtech already has traction in Arbitrum and leads generation of sequencer fees
- It enables positive social impact and positive narratives
- And it serves as an ideal stepping stone to innovate in venture building

# Large Market, Low Competition, and High Value

CollabTech is a market valued at USD 327.74 Billion (2023), projected to reach USD 1088.15 Billion by 2030, growing at a CAGR of 18.7% (using data only from B2B SaaS).

Currently, the CollabTech vertical lacks a clear leader amongst L2s/L1s. Polygon has set a dedicated initiative to target Web2 customers with Web3 B2B tools, Optimism is attracting some key projects (funding DAO Spring amongst others), and Q blockchain is making some progress, but no one has yet managed to become the go-to place for CollabTech builders.

Typical applications without the need for intensive resources, like CRM systems, are now budgeting 10% of their revenues just for cloud services. Resource-intensive businesses (e.g. bigdata-as-a-service) tend to allocate up 20% to 40% of their revenues to pay for cloud services. On top of this, there is about 147 zettabytes of data expected to be generated by the end of 2024. Bridging even 10% of this to web3 would create massive growth for L1 and L2s, not only in the number of transactions but also in overall data processed on-chain.

## A market ready for disruption

The Web2 CollabTech stack is heavily fragmented, with financial assets, governance, accounting, and other systems all living in silos. Blockchains offer a solution to this issue, and can lead to all organisations (whether decentralized or not) eventually moving on-chain.

Web3 can improve the current tooling because B2B SaaS all get built on key concepts that Web3 is uniquely suited for (Identity and Permissions of people and objects, Attestation and Verification, Agreements and Commitments, Communication and Data Management, etc). There's a massive opportunity for B2B SaaS tools to evolve and become truly collaborative and unlock new ways of connecting, automating, and working together.

### **Arbitrum Traction & Generation of Sequencer Fees**

CollabTech is already the #1

sequencer fees generator in Arbitrum thanks to <u>Quest Protocol</u> (RabbitHole), and with the right strategy, the success of Quest Protocol could be emulated by a host of projects and position Arbitrum as the leading ecosystem for innovators in this soon to be \$1.000bn+ market.

#### Orbit chains unlock privacy and new use cases for Arbitrum infra

As Web3 matures out of Wild West casino culture, the below applications offer valuable niches for commercially sustainable projects and long-term value creation.

• The UX of blockchain applications with gas fees, bridging, and data transparency has made it tricky to build many applications, especially for B2B tech which often requires data privacy and where paying customers and users are often different people.

But now, chains with customisable privacy like Orbit chains that can settle to a universal trust layer offer a powerful unlock, especially when we consider Al-powered products and features with onchain computing.

- The evolution of the gig economy also serves as a driving force for CollabTech applications onchain. Protocols to connect recruitment markets and contracting for small tasks and fluid teams benefit from eliminating web2 walled gardens, so that matchmaking is unrestricted and reputation portable.
- Additionally, inventory and account management (ERP), CRMs, permission and access systems, and data
  management systems currently suffer from high platform risks (single points-off-failure vendors capriciously changing
  the system, pivoting or going bankrupt), architectures that only enable integrations as an afterthought, and closed
  source code which creates trust issues and limits the ability of customers to customize or build on top.

These legacy collaboration tools can be disrupted through modularity & composability, trustlessness, and easy automation, providing a great use case for blockchain-based dApps and protocols.

• Finally, unlocking autonomous agents within B2B tooling has unique advantages for planning, coordination, and resource efficiency. Pairing AI with blockchains as data layer and transaction layer enables trustlessness, automation, and advanced governance and permissioning to power the organizations of tomorrow.

### Improving Ops and Governance for Arbitrum Projects

CollabTech is a key enabler for other projects. Early examples show how the existence of a quality multi-sig solution was key for increasing TVL in L1s and L2s as well as enabling projects to operate effectively.

More recently, we cite the importance of protocols for decision-making, role attribution, grant tracking, creating quests, etc., as key for enabling ArbitrumDAO and Arbitrum-based projects to move fast, build strong communities, and achieve results.

By leveraging tools for voting, proposal management, and consensus-building, collaboration technology empowers communities to steer projects with unprecedented transparency and democratic engagement. It enables collective decision-making and governance beyond the confines of traditional hierarchical systems. As the backbone of decentralized projects, collaboration technology not only streamlines governance processes but also enhances operational efficiency, making it indispensable for sustaining the growth and resilience of Web3 initiatives.

### **Positive Social Impact**

Thanks to web3 innovations, CollabTech is a key vertical to addressing the \$8.8 trillion lost per year in employee disengagement, the incredibly low trust in Institutions, and the chronic opportunity cost attributable to poor coordination.

It eradicates barriers to participation, ensuring that every stakeholder has a voice in shaping the future. Moreover, this technology fosters a culture of open collaboration and innovation, where ideas can be shared and refined collectively. CollabTech opens up new business opportunities, creates jobs, and promotes a more inclusive economic model where value is distributed more equitably among contributors leading to a more sustainable and resilient digital economy.

The challenges of current DAO designs led many idealists to temper their excitement, but the opportunity to reinvent democracy, make governments transparent instead of corrupt, build the future of work, and improve the lives of billions is still there for the taking.

#### Ideal Springboard to Innovate in Venture Building

There is a lack of supply of legitimate web3 companies opening new real markets. To solve this problem, we need to grow the industry's capacity to develop new commercially viable projects. One of the ways in which we can address this is by leveraging venture builder models to create small clusters of complementary ventures, thereby creating a flywheel.

Once you have several projects that define a category in a certain location, investors become acquainted with it and provide more funding. Once there is funding it becomes more attractive for entrepreneurs to choose to build towards it, compounding network effects.

One can argue that CollabTech is not the most popular area in Arbitrum. However, if you want to push the boundaries to improve how we develop new commercially viable projects, CollabTech is possibly the best vertical to play with because of the natural deep expertise of the community there on how to collaborate.

Even if you ignore all the potential benefits of improving Ops and Governance in the Arbitrum DAO and Arbitrum-based projects, and discount all the on-chain activity of the resulting ventures, the CollabTech community is still particularly well-positioned to reinvent venture building and generate models, tools, and methods to replicate the approach across verticals.

#### An Opportunity for Vertical Specialization

There was a time when you could know every major project in Ethereum. That time is long gone. The number of projects and innovations is expanding rapidly in verticals like DeFi, Gaming, DeSci, CollabTech, NFTs/creative, etc. Without specialisation, it's impossible to keep up and this situation will only intensify over the next few years as the number of projects and verticals increases.

Specialization enables the support system for ventures to keep up with new developments and add real value. Every vertical has a different technical palette, market configuration, and social network; with specialized support, we're in the best position to select which projects to back and help them navigate challenges.

CollabTech has especially suffered from neglect in specialization. Organization design, leadership, group psychology, behavioral economics, and political science are not new disciplines. Yet the DAO movement has often reinvented the wheel and repeated mistakes while being slow to test ideas coming from self-management, cybernetics, and similar bodies of value-aligned theories and practices.

In Web2, we have seen how, in CollabTech, older and more experienced entrepreneurs have higher chances of success (in contrast to consumer verticals). This is due in large part to CollabTech being a B2B market where relationships carry a premium and a deep understanding of the complexities of organisations is key to developing commercially viable solutions. In CollabTech, the experience and networks that specialisation enables are particularly valuable.

# Conclusion

Collaboration Technology stands as a blue ocean market, fertile ground for developing new use cases for Arbiturm products (especially Orbit Chains), and a bedrock upon which the Arbitrum ecosystem—and indeed, the broader Web3 landscape—can thrive. From enhancing operations and governance to optimizing resource allocation and task coordination, its role is pivotal. It not only fosters innovation and competitive advantage but also drives significant economic and social impacts. Finally, CollabTech is an ideal vertical to validate the Swarms approach (which can then be copied across verticals) and provide network effects for Arbitrum.

As such, prioritizing robust development and support for Collaboration Technology is not merely an option but a necessity for the sustained growth and resilience of the Web3 economy. By doing so, we ensure a future where digital collaboration is not just efficient but transformative, creating an inclusive, dynamic, and equitable ecosystem for all participants.