

EOS

THE BLOCKCHAIN FOR BUSINESS IS THE BLOCKCHAIN
THAT SOLVES THE BLACK SWAN

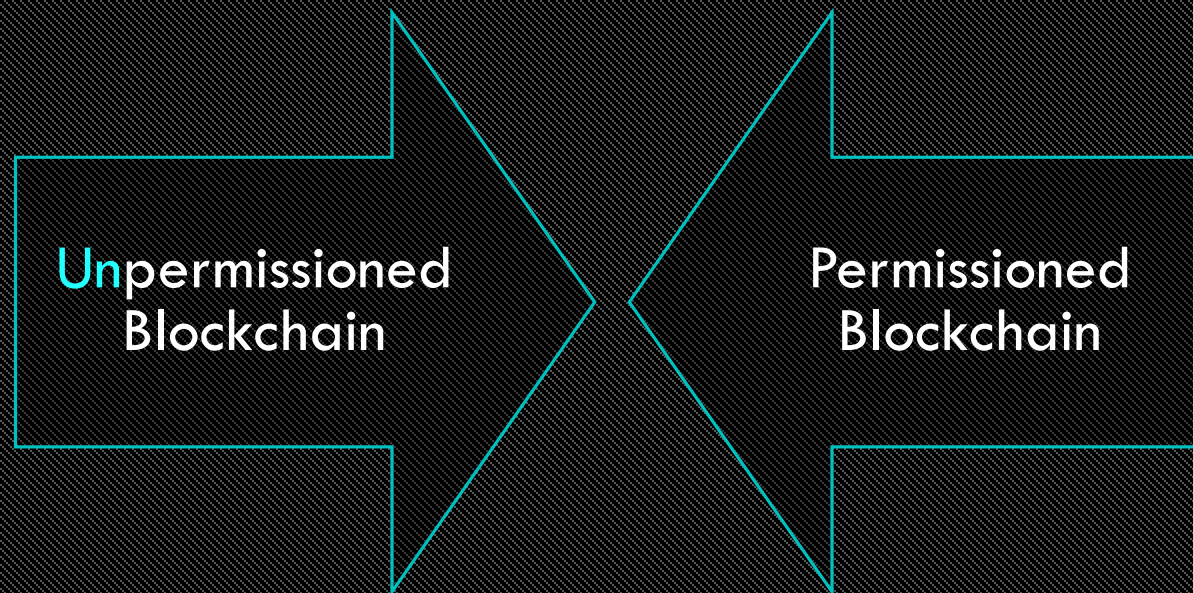
Presented by

TOKENIKA

DISCLAIMER

- We are **NOT** in any way associated with block.one, the company developing EOS code. We are just part of the emerging EOS community.
- We have no interest in you buying EOS tokens, and this certainly should not be treated as financial advice.
- Our goal is to encourage you to take interest in the concept and possibly consider building businesses on top of EOS.

TWO ALTERNATIVE FORMS OF BLOCKCHAIN



UNPERMISSIONED BLOCKCHAINS

- Bitcoin & Ethereum
- Designed to do simple automation only: simple contractual mechanisms
- Emphasis on smart-contracts & external oracles to feed information in
- When it comes to the actual business: anarchy & „wild west”

PERMISSIONED BLOCKCHAINS

- Ripple & Hyperledger (for banks & large institutions)
- Paradigm of a walled garden: you can get in only if you're permitted in
- Rules to suit the insiders, small businesses get locked out

TRADING = DEALING WITH COMPLEXITY

- We like complexity, we like a risky business
- Complexity means lots of things can go wrong, especially on a blockchain
- Black Swan: happens very infrequently but it's extremely costly



“
The blockchain for business is the blockchain that
solves the black swan.

”

Ian Grigg, block.one partner

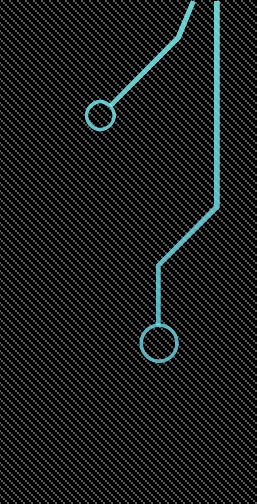
THE PROBLEM WITH BLACK SWAN

- In real-life there are safety mechanisms, e.g. courts of law
- On a blockchain: no safety net, e.g. the DAO incident
- Pure blockchain encourages win-lose / zero-sum game:
 - if you want to get ahead in a trade, let's do a DDoS
 - if you want to get ahead with a contract, let's hack the contract



WHAT DOES THE BUSINESS NEED?

- We're looking for a repeated, no-end-in-sight game
- We want to remember who we are dealing with
- We need rules of the game & we need a way to hold a violator to account
- We need a win-win / net-positive game



“
The entrepreneur wants a business where they can
deal with people and **build profits**, not extract
profits.
”

Ian Grigg, block.one partner

WHAT WE NEED IS A **GOVERNED BLOCKCHAIN**

HOW DO WE BUILD A GOVERNED BLOCKCHAIN?

- Set of rules: the constitution
- The community is the people who have agreed to the constitution
- Entire governance infrastructure:
 - referenda to appoint the rules to handle black swans
 - arbitration to resolve disputes
 - execution to implement to rules

SUMMARY

- The unpermissioned blockchain:
 - The entrepreneur is looking for win-win, but he gets win-lose
 - It's about taking the value from the other person
- The permissioned blockchain
 - Concentrates on blocking people out, so that the ones that are inside can safely trade
 - The problem: you can't have a vibrant growing economy without small business
- We need the freedom of (1) but still the protection offered by (2).

EOS is that third choice, the governed blockchain. In essence what we have is the safety taken from the permissioned blockchain, and the freedom of entry taken from the unpermissioned blockchain

Ian Grigg, block.one partner

“

The fallacy is that we need a wall.
Actually, we don't need a wall.
What we need is **controls**.

”

Ian Grigg, block.one partner

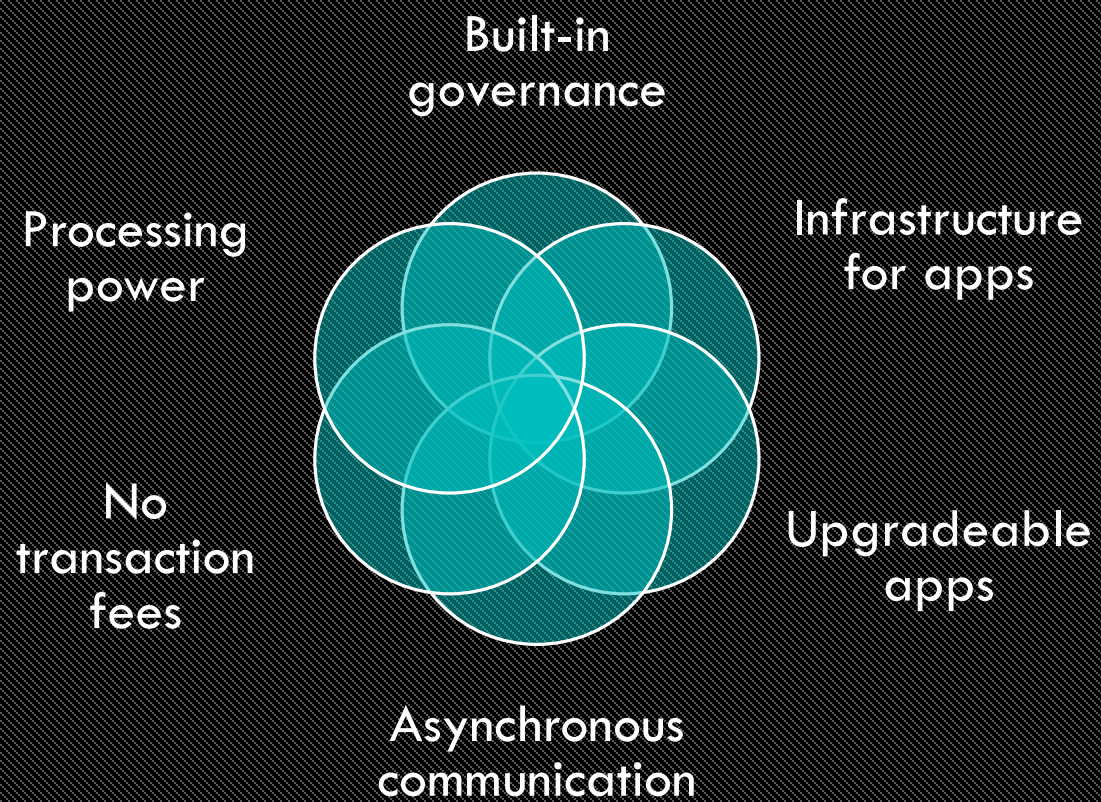
WHAT WE ALSO NEED IS GOOD USER EXPERIENCE



“ EOS is the blockchain for building commercial scale decentralized applications that are indistinguishable from centralized alternatives. ”

Daniel Larimer, CTO of block.one

WHAT ARE EOS MAIN FEATURES?



DPOS - DELEGATED PROOF OF STAKE

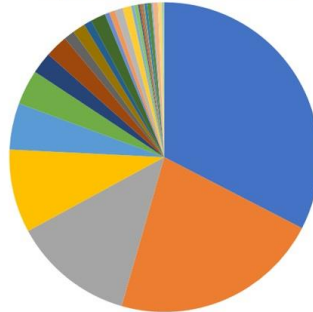
- Consensus mechanism
- 21 block producers elected by token holders
- Hard to get elected, easy to lose the job
- Both executors of the constitution and subjects to the constitution
- Ability to freeze & fix broken dApps

DELEGATED PROOF OF STAKE (DPOS) HOW DECENTRALIZED IS IT?

**SO
WHICH
VALIDATORS
ARE MORE
DECENTRALIZED?**

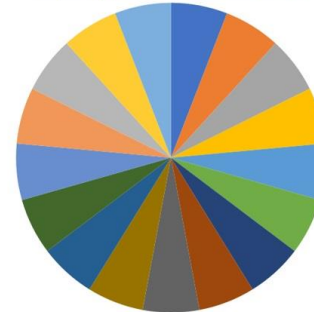
WAVES (LPOS) ^{a,d}

Forgers by Weight 2017-10-11
<http://wavesgo.com/stats#tab-3>



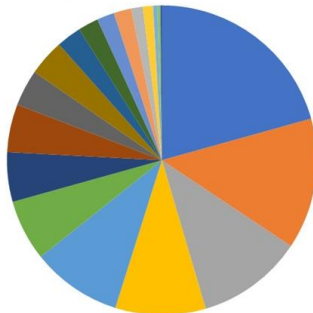
BITSHARES (DPOS) ^{a,c,e}

Active Witnesses (17, 73 Standby) 2017-10-11
<http://cryptofresh.com/witnesses>



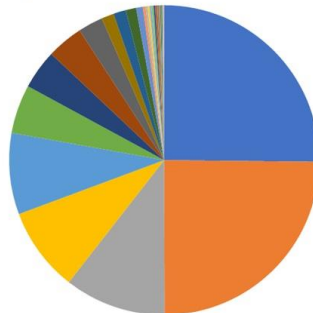
BITCOIN (POW) ^{a,b}

Mining Pools 2017-10-11
<https://blockchain.info/pools>



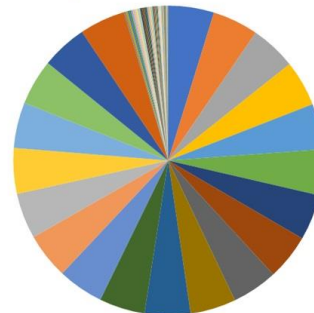
ETHEREUM (POW) ^{a,b}

Mining Pools 2017-10-11
<https://etherchain.org/statistics/miners>



STEEM (DPOS) ^{a,c,e}

Active Witnesses (20, 68 Standby) 2017-10-11
<https://steemd.com/witnesses>



IS DEUS EX MACHINA POSSIBLE?

- Vitalik Buterin: governance by **cryptoeconomics**. If we could only put the right algorithm inside a box, then it could be fully autonomous.
- Daniel Larimer: governance by **community**. There is no such thing as a closed economic system, we must always rely on external input, such as human judgement.

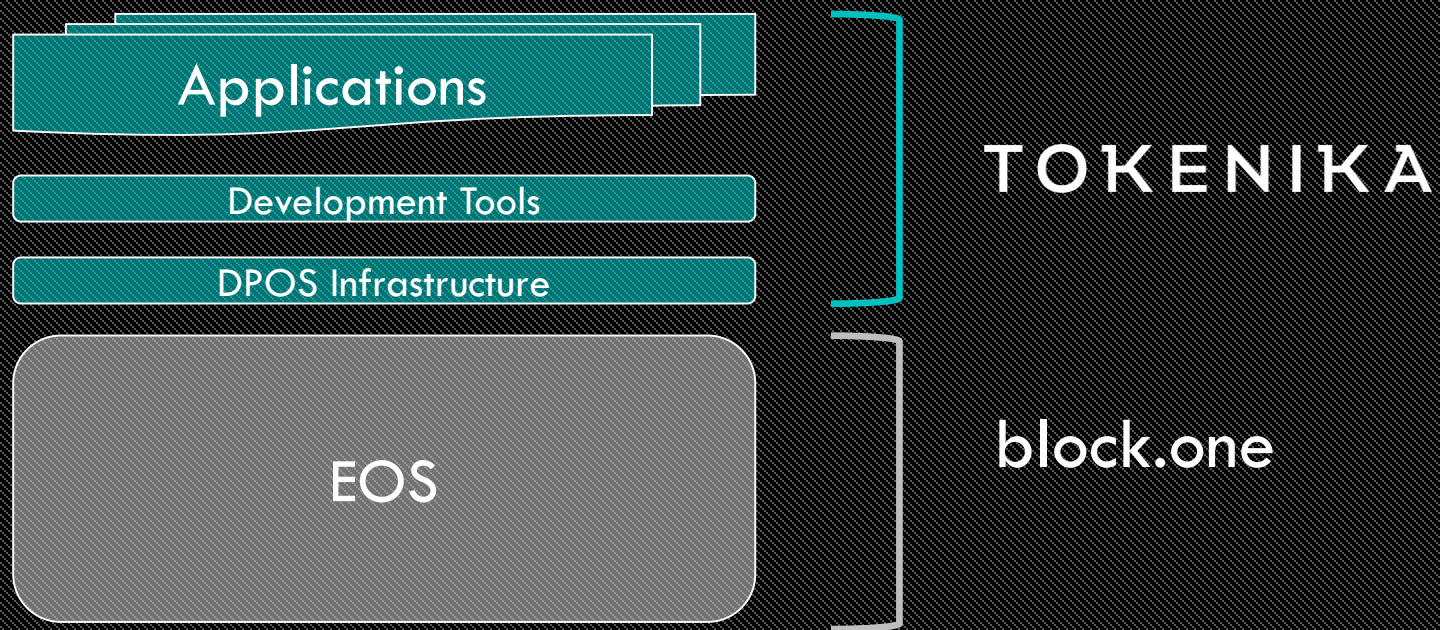
DAN LARIMER'S DARWINIAN APPROACH

- Each community might have its own definition of “right and wrong” which can only be measured by a poll of the subjective opinions of community members
- The more effective a group is at maintaining its integrity as it grows, the larger the group will grow
- The more corrupt a group is, the faster it will die

“The true goal is to lower the barrier to entry for the creation of new communities and **allow free market competition** to reward the most effective communities and punish the most corrupt.”

Daniel Larimer, CTO of block.one

ABOUT TOKENIKA - OUR ROLE IN EOS ECOSYSTEM





EOS - official website
www.eos.io

THANK YOU
ANY QUESTIONS?

Presented by
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