CEN3031-Group 1

Oracles Discussion Document

Many people equate blockchain oracles solely with data inputs like price feeds. To start, this is a mistake and it is similar to suggesting that email is the only use case for the internet. Oracles can enable fiat payments for contract settlement, blockchain interoperability for cross chain compatibility, bi-directional communication to control cyber/physical systems, and off chain computation for business logic, privacy, and scalability. Ultimately, blockchains will only be used for disputes, while the large majority of the time the connectivity, computation, interoperability, scalability, privacy, and everything else interesting and valuable about smart contracts will take place in the oracle layer. Oracles absorb nearly the entire value of smart contracts, and with the Chainlink Network poised to be the standard decentralized oracle network with the Link token acting as the universal collateral maintaining trust on the contracts’ correct execution, the network is on the precipice of becoming an extremely valuable software commodity that can offer new functionality to enterprises while cutting costs in performing current services.