Twitter Thread by Option

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DAOs will go down as the most impactful innovation in Crypto and Web 3.

Here’s a simple breakdown of what DAOs are and why you should pay attention to them:

Decentralized Autonomous Organizations are communities with a shared bank account.

They're a new way for people to work together.

Think of them as the next evolution of the LLC or Company.

So what makes DAOs different from a traditional company?

It all boils down to ownership.

Let me explain.

You may have seen this going around twitter:

Web 1: Read-only

Web 2: Read & Write

Web 3: Read, Write & Own

Sound familiar?

Think of it as phases of the internet:

Web 1: Static read-only websites.

Web 2: Read and write on social media platforms. Earn likes and followers.

Web 3: Read, write, create. Earn equity in the platforms that you create value for.

The simplest way to think about Web 3:

If you create value for a network, you should be able to capture the value you create.

With social media, you get hearts/followers, but there's no way to share in the value you bring to the platform itself.

DAOs provide a better model.

DAOs leverage crypto in a new way — creating/distributing tokens that represent ownership in the DAO.

Create value for the group ⇒ earn tokens that signify ownership.

Imagine getting paid incrimentally in equity that is proportionate to the value you bring to the table.

As the DAO becomes more valuable over time, so do the tokens that represent ownership.

This allows members to share in the growing value of the collective.

It also allows the DAO to recruit more highly curated talent over time.

Work and compensation in a DAO can be task-based.

This gives people more control of their work destiny.

You can work for several DAOs at once.

Focus on providing value with your unique skillset for collectives whose mission you believe in.

People with highly specific and competent skills will not be strapped to one company.

This broadens possible revenue streams, making even more niche creative passions viable career routes.

Don't underestimate how transformative this will be.

Token holders also get to vote and take part in decisions within the company.

More tokens = more votes, but everyone has a seat at the table.

Imagine being able to actually participate in company-wide decisions without first climbing the grueling corporate ladder.

DAOs are not without their drawbacks:

Flattened hierarchies means everyone decides together, but things move slower.

New technology means frequent novel problem-solving.

Brand new territory for regulation and legal issues.

In summary, DAOs are a new type of organization that:

Democratize decision-making

Compensate members with tokenized equity

Make work task-based and flip the script on work-life balance

For more on DAOs, NFTs, and the Creator Economy, check out these accounts:

h/t
@Cooopahtroopa
@mattmedved
@FWBtweets
@punk6529
@JpegViceroy
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Join me as I explore Web 3, Music NFTs, and the Creator Economy.