

Building the Dash DAO

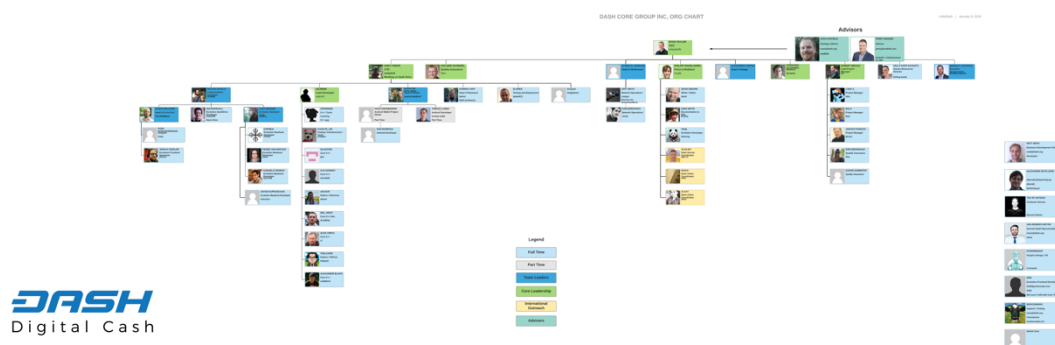
Dear Dash community,

This post is my first official contribution to Dash. First of all, I'm thoroughly impressed with the level of professionalism in this community, especially when compared to other coins. Buying into Dash was easy, good liquidity; setting up the masternodes and understanding how they work was also a breeze, thanks to the documentation on atlassian. I've had excellent conversations with other masternode owners at the #MNO-ONLY channel on the Discord App, and if you are one and are not there, I highly recommend joining. These folks are sharp! Special thanks to TroyDash, TheDesertLynx, JGCMiner and Tao Of Satoshi for reviewing and for the excellent contributions. (Disclaimer: opinions presented in this document are strictly my own.)

I am in my 40s, have a background in law, business and IT. I studied in a country with civil law as its legal system, which wasn't very useful when I moved to common law countries like the USA. I worked at big banks for many years, climbing the corporate ladder, then moved on to consulting, entrepreneurship and finally investing. I've got a few IT certifications too as I enjoy studying and they certainly helped in my corporate years. I like to focus on the big picture, and it is within this context that I would like to contribute to Dash. The few masternodes I've bought costed me 6 digits each; so, for my standards, I am heavily invested and hope to contribute as much as possible. I would like to live in a world where everyone enjoys the benefits of cryptocurrency and also would like to make a return on my investments; hopefully these goals are not mutually exclusive.

Before we begin, I recently got permission to share publicly this Dash Core Organization Chart that I worked on (initially for my own use). I wanted to thank everyone from the Core Group that helped me create it, especially QuantumExplorer.

Here it is:



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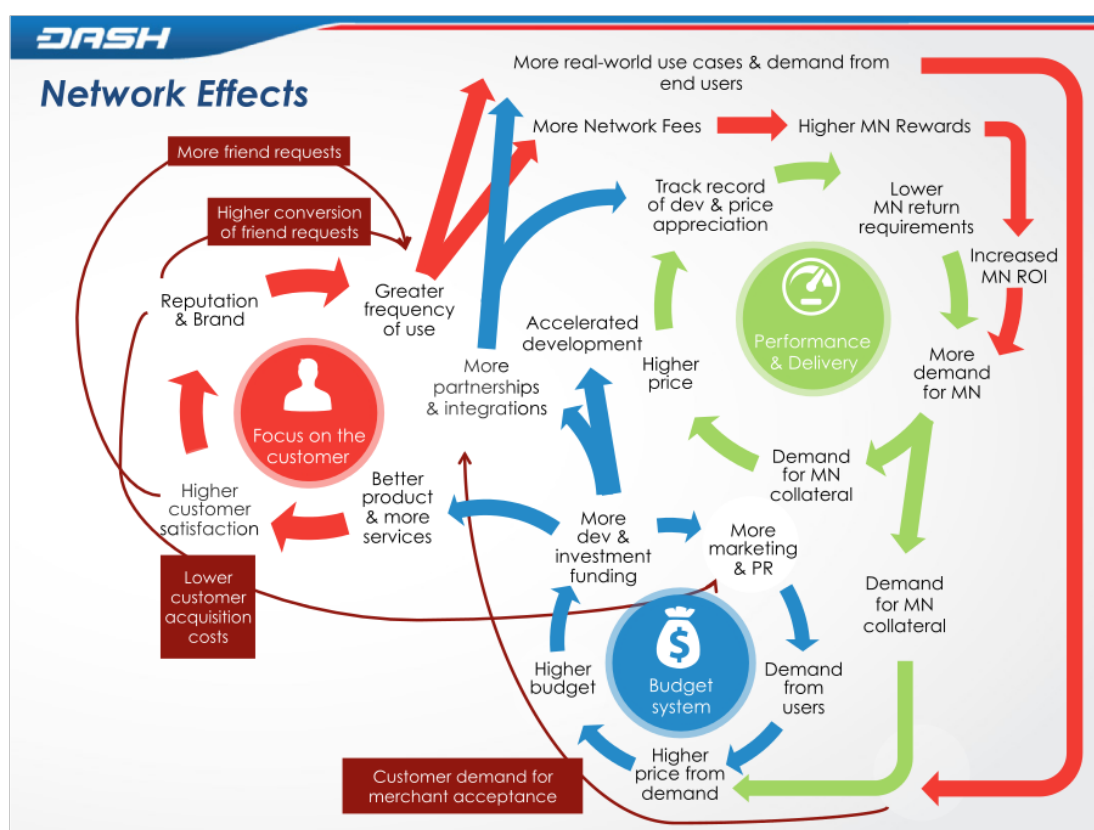
Disclaimer: This chart is not an official document from Dash Core Group, is subject to change at any time, and is not guaranteed to be accurate.

Every Core team member that I spoke with couldn't contain their excitement for the project. Dash Core Group feels like a cohesive entity, with a well-defined work culture, and they do have laser focus on the upcoming Dash Evolution. I am so thankful to be given the chance to participate in all this at such an early stage.

I have a few interesting things to discuss with you all today, particularly on how to improve our Dash DAO, so let's get right to it.

The Dash Network Effect.

During my research, I considered the invention of the DAO one of the most important aspects of Dash and a revolutionary concept. The implications of Dash's positive feedback loop are profound, as illustrated in this chart made by Ryan Taylor for the Miami conference in early 2017.



I've spent some time trying to understand what the DAO really is, and I'm going to propose a slightly different way to see it that, in my professional opinion, will dramatically improve its efficiency.

The common idea is that the Dash DAO will fund other DAOs. Evan Duffield said that Dash Labs would be another DAO, Dash Core and Dash Force News are also often referred to as DAOs. The sharp folks at #MNO-ONLY Channel on the Discord app proposed we start using the term DFO (Dash Funded Organization) to separate between the Dash DAO and other organizations funded by it. This is an accurate and valid distinction, but in a way shows that the DAO is just a budget. It is a pretty amazing Decentralized and Autonomous budget, that can be used to do incredible things, including funding other companies, but it is just a budget - not an Organization.

Now please take a step back and come to the "high level" with me. We are now at 10,000ft, where the small details don't matter, only the big picture does. At this altitude we can safely talk about trends, processes, flows, where we are, and where we want to go, without being bogged down in details. For this to be productive, please stay abstract and on the high level. If I get some details wrong at 100ft, try not let it prevent you from seeing the big picture.

A slightly different way to view the Dash DAO.

Everyone knows DAO stands for Decentralized Autonomous Organization, but let's recap to make sure we are all on the same page. Decentralized means, at a high level, that no single person or group has control over it, or that control is dispersed and not concentrated. Autonomous means that it does not depend on any other entity; it has its own source of funding, and cannot be shut down. Also, cannot be shut down if leaders decide not to operate anymore. We will get to Organization later.

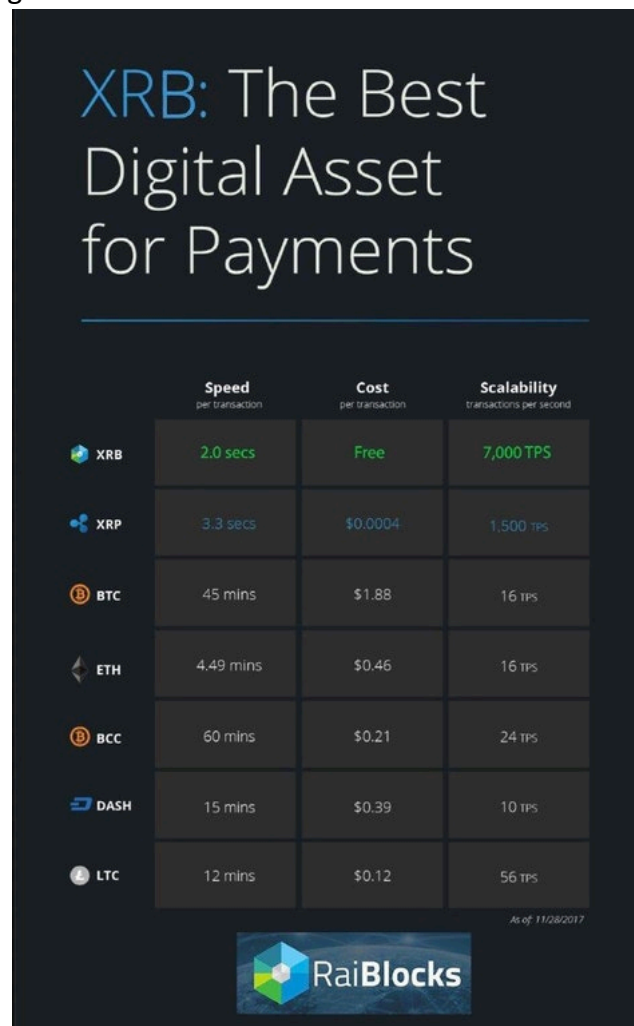
In this general sense, **only the Dash Budget itself is autonomous** because its funding depends on nothing but the protocol. An entity that depends totally or partially on money from the Dash Budget is not itself autonomous. We could disagree about semantics here, but we can all agree that the Dash Budget is on another level of autonomy when compared to an entity that depends on it. So, at 10,000ft, there is only one DAO in the Dash ecosystem, and it is "the Dash DAO". Today, you call it the "the Dash Budget". It is the only truly autonomous and decentralized entity. All other entities we call DAO today (Dash Core, Dash Force, Dash Labs) are not autonomous because they're either dependent on the Dash DAO, their own profits, or donations. They are also not as decentralized, but more on that later. Finally, unless the budget allocation changes on a protocol level, **there will always be only one DAO**. Creating another is not possible without protocol changes, because 100% of the budget goes to the existing DAO.

Point #1: There is only one DAO: the Dash DAO. It is the only truly autonomous entity because its funding comes directly from the protocol. It is also the only truly decentralized entity, or at least the entity with the highest level of decentralization.

Technologies are bound to become obsolete.

I invest in other cryptocurrencies but the bulk of my portfolio is in Dash. In my opinion, it has one of the most professional teams in the industry, and what appeals to me the most is the possibility of becoming a self-funded business. InstantSend, PrivateSend, low fees, 2mb blocks, these are all great features, but they're means to an end. A 2mb block by itself is not important; what's important is that it allows us to process more transactions. Other currencies have found (or will find eventually) ways to process far more than we do at the moment, some even without using any blockchain.


Consider the following:



XRB: The Best Digital Asset for Payments

	Speed per transaction	Cost per transaction	Scalability transactions per second
XRB	2.0 secs	Free	7,000 TPS
XRP	3.3 secs	\$0.0004	1,500 TPS
BTC	45 mins	\$1.88	16 TPS
ETH	4.49 mins	\$0.46	16 TPS
BCC	60 mins	\$0.21	24 TPS
DASH	15 mins	\$0.39	10 TPS
LTC	12 mins	\$0.12	56 TPS

As of 11/28/2017

 RaiBlocks

I was hesitant to include this as it opens doors to low-level discussions, but there is an important high-level issue that cannot be denied: **another technology will make Dash's current technology obsolete. If this hasn't already happened, it inexorably will.** (Errors in this image, the fact that it only mentions TPS, and the fact it isn't considering Evolution all don't matter for our high-level discussion.)

Technology can be copied or duplicated, especially open-source. Dash copied and improved upon Bitcoin. PIVX forked Dash and also changed a few things. A company tomorrow can come up with an exact copy of Coke, or even a better tasting beverage, but what are their chances of getting a significant portion of Coca-Cola's market share? Slim, because **it's never about the product, it's always about the business**. Please remember that: it is always about the business. And what is the business? It is the vision, brand, leadership, team, public image, customer service, work culture, partnerships, network distribution, patents, intellectual property, supply chain, logistics and so on. The product matters only in a few industries, and generally only if it can be patented. Dash is in an industry where the product matters even less, because even if we patent a software solution to a problem, we are only patenting that very particular way to address it. (The details on how software patents work do not matter for this discussion).

What makes Apple valuable is not their products (software or hardware); these are obsolete in a year or two. **What is valuable is their business**, and it's what makes it possible for them to come up with new products every year, and quickly adapt to new market conditions. Given enough time, the chances of current blockchain technology becoming obsolete are 100%, even for Dash Evolution. What if Hashgraph is indeed the future, and makes blockchain technology obsolete? If we don't have a business to adapt and all we have is an obsolete technology, we won't last very long. If all we have is the technology, what happens when a competitor comes up with a better version?

Technologies come and go, but well-formed businesses adapt and survive. Satoshi Nakamoto invented blockchain; look how many thousands of coins copied his idea (including us). What is the one thing that cannot be easily copied? Our team, structure, brand, community, partnerships, vision, work ethics, ecosystem... these are all also essential elements of the organization we need to build, in order to safeguard our future against technologies we cannot yet foresee. We need synergy, not disconnected teams.

Point #2: We have to build the Dash DAO as a proper organization and fully departmentalized, because technologies become obsolete, but well-run business can adapt and thrive.

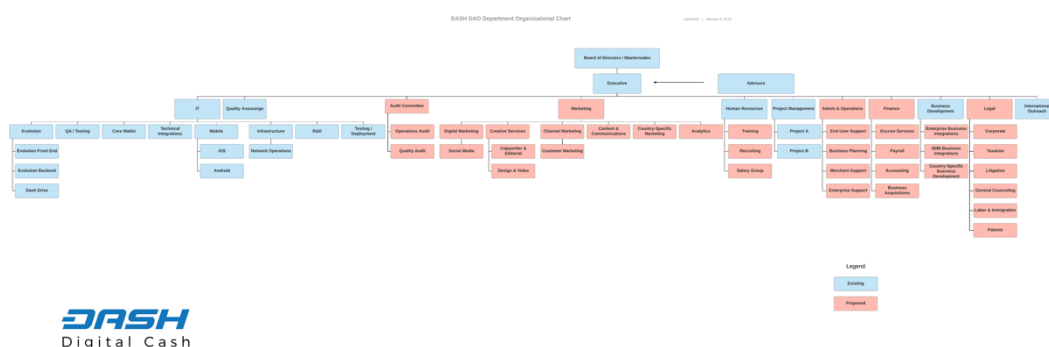
Competing against VISA, MasterCard and American Express.

Dash aims to one day compete with the global giants of the payment industry. Although we might have a better product in the future, when Evolution is out, we will have to compete not only in technology, but also in all other areas of business. There will be lawsuits, patent disputes, aggressive marketing campaigns, poaching of our talented staff, lobbying to legally keep us away from certain markets, and so on. Make no mistake: these companies are not here to lose. They will protect their market share aggressively and by all means necessary; they have a fiduciary responsibility to their shareholders to do so.

If we do not structure ourselves properly, when we meet these companies for a fight in the marketplace, we will lose. **If you bring a "product" to a "business" fight, you will always lose.** You can make a cheaper and easier payment solution than the one provided by American Express, but you cannot compete with their business model, sales, marketing, legal, and incentive structures. It is in our best interest to become fully departmentalized under a cohesive and efficient organizational structure, so we can fight the battles at all levels. These companies have been competing for market share every day, for decades, in every field, and they are ruthless.

The Dash ecosystem will always need marketing, operations, accounting, software development, legal, finance, auditing, payroll, creative services and so on. The current thinking is that different companies and teams will provide this service, and be paid from its budget, much the same way Dash Core Group does today. The Dash DAO is in a unique position as it can be way more than just a Decentralized Autonomous Budget. It can be a truly Decentralized Autonomous Organization, something the world has never seen before. This is within our grasp; all it takes is for us to start seeing it as an organization and not as a budget.

Here is a chart to help you visualize what a fully departmentalized Dash DAO could look like:



<https://www.lucidchart.com/invitations/accept/ad9452ec-f9d7-4a92-90ee-0f6e22a8e43e>

Disclaimer: This chart is not an official document from Dash Core Group.

Point #3: A well departmentalized and fully formed Dash DAO is needed in order to compete with VISA, MasterCard and American Express. Not only in technology, but also in all other areas of business. If we just have a "product", when we meet them for a "business" fight in the free marketplace, we will lose.

Now let's talk about masternodes and how we make decisions.

The Masternode network.

At a high level, masternodes are shareholders and also part of the Board of Directors (B of D). If you haven't heard these terms before, shareholders participate in the company profits (they don't make decisions) and the Board of Directors is a group elected to make decisions on behalf of shareholders. Dash's case is particularly interesting, because if you have a masternode you are automatically both. Masternodes are the *de facto* controlling entities of the network because they control the budget, and therefore can de-fund any entity, department, or person that depends on it. (We could argue what "control" is, and that masternodes share it with miners, merchants and users. Or we could argue masternodes are not truly shareholders, as they don't participate in the profits. Both don't matter at the high level, please stay abstract with me.)

The Masternode concept is a terrific idea. It allows governance, PrivateSend, InstantSend, and provides incentives to run full nodes. Evan Duffield's brilliant idea has so much impact in the crypto space that it has been copied all over. You can see a list of other coins with masternodes here: <https://masternodes.pro>.

I am currently both a shareholder and a member of the B of D in traditional companies that have nothing to do with crypto currencies. As a shareholder, I don't get to make decisions; I only participate in profits. You can buy your way into a shareholder position, all you need is money. As part of the B of D, I help the business by voting on broad decisions, supporting executive duties and voting on the budget (in very simple terms). I do not have granular information about the business because such info does not flow all the way up to me; it stays within team leaders, managers and directors. You cannot buy your way into the B of D; you must be elected by other shareholders to make decisions on their behalf.

Executives and Administrators of large companies are highly qualified individuals, workaholics by nature, with specific personality traits, brilliant academic results, professionally trained, and hardened by years of experience. They work 15h/day digesting a huge influx of information from all parts of the organization, and they are expected to make good decisions on a continuous basis. They are highly paid, have the right personality, education, training, practice, contacts, all the information... **and still make mistakes**. Pick just one item of this list, like information for example. Masternodes are bound to make (unintentional) bad decisions just because they don't have enough information, they don't know all the variables. Please look at the Dash Core Organizational Chart again. How many people do you know? What are they working on? How much do you know about their priorities, projects and ideas? How much do you know about how all projects intersect? And this is just the Dash Core Group, imagine a fully formed Dash DAO with all its departments.

Point #4: Masternodes do not have all the variables necessary to make decisions on a granular level. These should be reserved for team leaders, managers, directors and executive to make, because they are the most technically competent and have the most information.

The bad news: anyone can buy into Dash's Board of Directors.

Remember the distinction between a shareholder and a member of the Board of Directors: shareholders participate in the profits and don't make decisions. Anyone can become a shareholder, you only need money. A member of the B of D is elected to make decisions and generally do not participate in profits. I recently bought a few masternodes myself, and as a new member, I am now expected to vote on proposals. Even if I chose not to, the important thing is that I **can**.

The bad news for everyone is that I am technically incompetent to vote on the majority of proposals being presented, let alone the ones that are coming. In some cases, I know for a fact that I am incompetent, in others, I'm just tricked by my own psychology into believing I could cast a competent vote. The term incompetent is being used here (and throughout the rest of this post) not in its informal, demeaning way, but strictly as "lacking technical competency". If there is a proposal to raise the current block size limit from 2mb to 4mb, my vote would also be an incompetent one. Should we spend millions on this marketing initiative? I have no idea.

Non-technical proposals like Business Strategy, Partnerships and Marketing are even trickier because **these feel like common sense, but they most certainly are not**. Few people might have an opinion on a highly technical proposal, but everyone has an opinion on these three. This is not something that we can fix; it is part of human nature.

An Administrator, a Business Strategist and a Chief Marketing Officer see these areas in a completely different perspective than an untrained person. They see things you don't, they anticipate problems you can't imagine. Again, it is the thing you don't know you don't know that makes all the difference. **It is a mistake to think non-technical proposals are all common sense** and do not require professional knowledge, especially in a \$10 billion entity like Dash.

Also consider the fact that anyone can buy a masternode and join the Dash Board of Directors. There is no restriction on age, education, background, experience or intentions. Even if you imagine the network today as a homogeneous entity composed of qualified *renaissance* individuals, with vast experience in all areas of life, you have to face the inevitable fact that it will not stay that way. The masternodes lacks competency to make decisions at a granular level, and **it does so by its very nature, not through fault of their own**. Any group of thousands of people from different ages, backgrounds and experiences would, by definition, lack competence at these levels. Again, I am using the term competency in a precise way, meaning the ability to do something efficiently. Just because we can make decisions fast and uniquely in a decentralized way, does not mean these decisions are even close to being efficient.

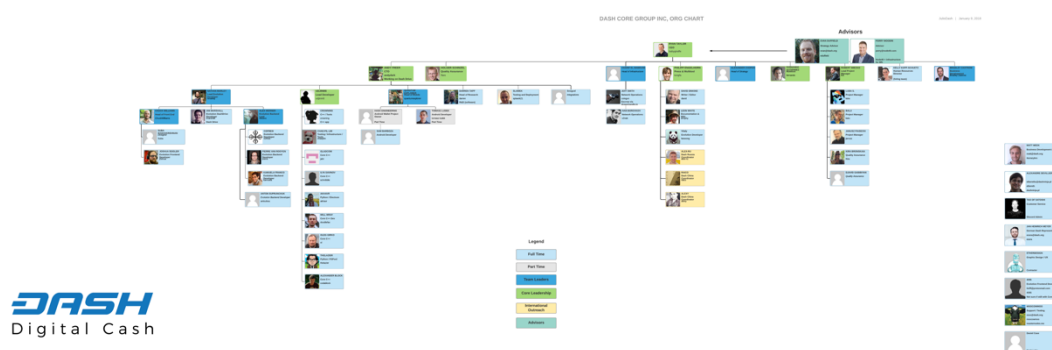
I want to make it clear that **it is not about the people**; even if the thousands of masternode owners were all Nobel Laureates, they would still make bad choices at this level as a group, because they can't all be competent in all the areas needed to run a successful business.

Point #5: The Masternode Network is not technically competent to make granular decisions. It has nothing to do with the people, and everything to do with the decentralized, democratic, dynamic, and heterogeneous nature of the entity.

The good news: Dash has already solved this problem.

The good news is that this is not much of a problem. The Dash Core Team is, at a high level, the IT Department of the Dash DAO. We trust the leadership, vision, culture, employees, work ethics and so on. In this context, we trust them to do whatever needs to be done, whatever way they see fit. They have a manager, a budget, a plan and in a way, they report every 3 months to the Board of Directors (masternodes) via quarterly calls. We don't micro manage them; we are not even aware of what's going on at 1000ft, 100ft, 10ft.

Here is the Dash Core Group Organization Chart again. This time, I want you to think of them just as a Software Development company. Notice how professional and well organized they are...



<https://www.lucidchart.com/invitations/accept/5fb6d2ef-ebd8-49df-a2e5-f6af06eda2ef>

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Even if you don't know much about company structure, you can surely appreciate the job Mr. Taylor and his team did there. They even have their own version of a Board of Directors: it is called "Core Leadership Team", and it's composed of 6 individuals from different areas (marked in green). As stated before in Point #3, it will be hard (really hard!) to compete against gigantic global entities like VISA, MasterCard and American Express without a proper organization. There is a synergy between departments in a well-run organization that cannot be beaten by isolated teams, with different work cultures, working independently.

Realistically it's just not going to happen. Even if we have a better product, they will beat us at everything else.

Today, whether you are aware of it or not, the Dash DAO already delegates most of its important decisions to the Core Leadership Team. Imagine how bad things would be if IT decisions on Evolution or Core C++ wallets were brought up to the masternodes to vote, just like business strategy and marketing proposals currently are. Imagine if uncoordinated and independent teams were working on the different parts of Dash Drive and the Dash API, just as they are today with business strategy and marketing.

Point #6: Dash already delegates most of its granular decisions to the Dash Core Group Leadership Team.

Scenarios, practical examples, and real analysis.

If you are a masternode owner, I know these last paragraphs might have caused you to be agitated. I am sorry. I am one myself and I too would love the idea that I can make decisions on what a \$10 billion organization should do. Believe me, I would love for this to be competitive and efficient, but it just isn't.

Let's take **Ben Swann's Dec 2017 proposal** as an example because I think it illustrates the point quite well.

<https://www.dashcentral.org/p/Ben-Swann-Reality-Check-Relaunch>

Ben's proposal was for roughly \$1MM for a reality TV show sponsored by Dash. Ben is a talented and controversial journalist and his proposal can give Dash exposure to a large crowd. If I got any details wrong here remember they don't matter at 10,000ft, please stay at the high level with me.

Questions for you:

- Do you know for a fact if \$1MM is reasonable?
- If someone says it should have been \$100,000, would you be able to articulate why it shouldn't?
- Alternatively, if someone says we are getting a \$10MM deal for only \$1MM, would you be able to validate this claim?
- Do you know how to measure the success or failure of this proposal?
- In case of failure, do you know what steps we can take to mitigate the damage?
- If someone says we shouldn't associate the Dash brand with Ben Swann because he is too controversial, would you be able to articulate why this is or isn't a good thing?
- Do you know how this marketing initiative fits into the broad Marketing strategy for Dash?
- How many hours of your time have you spent studying Ben, his proposal, and the impact on the brand, before voting to spend \$1MM?

- How many hours do you think other masternode owners spent doing the same thing?
- Do you know if the format of the sponsorship is appropriate?
- Ben has provided a contract:

<https://drive.google.com/file/d/1A46VvzMtAyhhUpdYVVolu9eGhcAXaDih5/view?usp=sharing>

- Do you know if there are any flaws or clauses that might hurt Dash or be unfair to us?
- Have you read the contract in full and evaluated it yourself, or did you just trust that someone did?

While continuing to stay at the high level, would you agree with me that even if you voted with absolute confidence because of your precise technical expertise in this area, there were other masternodes who casted incompetent votes? I have no shame in admitting I too lack competency, and don't know any of these answers. If a marketing professional was sitting next to me asking questions in the same form, he/she would make our ignorance on the subject even more explicit. Remember it is what you don't know that you don't know.

Making a decision on Ben's proposal without consulting the masternodes.

Now let's evaluate this in a more positive scenario. A decision on Ben's proposal will be made without consulting the Board of Directors (masternodes). I am aware Dash Core has hired a Marketing firm, but work with me anyway. Stay with me at 10,000ft; at this high level we only care about the process of decision-making.

Imagine the Dash DAO is formed. A CMO is hired to run Dash Marketing, he/she has multiple sub-departments and a whole marketing team. Instead of bringing the proposal to the Board of Directors (by submitting it for voting), Ben's team approaches Dash Marketing directly. The offer is thoroughly analyzed by a competent team, and after deliberation, they believe we should move forward. So, they work together with Ben to polish up the details. Dash Marketing asks Ben to remove a few things that might unintentionally be bad for the brand. In the meantime, a sub department finds out it can get similar exposure for 25% less, so it asks Ben's team to adjust the total, and they agree. Ben's contract is now forwarded to Dash Legal and a few clauses are added to safeguard the partnership and our investment. Dash Marketing recommends to Dash Executive to move forward with the proposal. Dash Leadership Team (currently Dash Core Leadership) approves and it is acted on immediately as Dash DAO already has a budget allocated for marketing this quarter. The end.

How much more confidence would you have in this process compared to what we have today? Remember one more time that this is not about particular decisions, **it's about the decision-making process.**

Asking the right questions.

I've shared snippets of this document with a few masternode owners and they came back with very intelligent questions and comments. Here are just a few:

"Wait, what about the masternodes? They're not consulted on Ben's proposal."

The Board of Directors was not consulted because this decision is not on their level and because they're not competent to make it. If you feel like going back to 100ft and arguing that this should have been submitted to the Board of Directors because of its value, just replace Ben's \$1MM proposal with Dash Soccer Team for \$20k or imagine one for \$20MM.

"But I do my due diligence and I should be allowed to vote all proposals"

Great point; please try to see the big picture. Even though you have a degree in Marketing and can evaluate the impact on the Dash brand, even though you are also a lawyer and can analyze business contracts, even though you have years of experience negotiating million-dollar proposals, there is no way to allow **just you** to vote. You have to take my vote too, and even though you are competent in this matter and I am not, my vote counts just as much as yours. When a Dash proposal reaches \$50,000 or its numbers are in the thousands, Dash DAO will inevitably organize itself in departments. Decisions will inevitably be delegated to more competent entities, but we should strive to make it happen before, because it is in our best interest.

"So, what would masternodes do then?"

Our Board of Directors will do exactly what other Board of Directors do: appoint leaders (CEO mainly), approve budgets and vet major decisions (with support of Executive, not on their own like today).

"But if masternodes don't make most of the decisions, then we will no longer be decentralized".

This is an excellent point. Today, most of the decisions are not made by masternodes anyway, they're made by the Dash Core Group Leadership Team. Having said that, it is true that an entity where most decisions are in the hands of thousands is more decentralized than one where they are in the hands of just a few. Decisions will be far less competent and efficient, but undoubtedly more decentralized. It boils down to what level of decentralization do we really want or need, and what are the trade-offs we are prepared to pay. We can most definitely have a decentralized organization with a CEO, as long as the masternodes still control who occupies this position. The level of decentralization we will have with a fully formed Dash DAO and a CEO will not be much different than what we have today with Dash Core Group and its CEO. **We will keep the same level of decentralization while making huge improvements in competency and efficiency.**

"Does Dash even have enough funds to become fully departmentalized today?"

Yes, it absolutely does. The cost of hiring 50 new employees at \$100,000 per year is around \$6 million per year (\$5MM in wages + \$1MM in benefits and other costs). Nonetheless, let's imagine it doesn't. What should we do? We prioritize and departmentalize what we can with the resources we have, like any other well-managed business. Dash is fortunate to be in a position where it has more money than it knows what to do with, but this might not always be the case. I also believe we should be saving for rainy days but I'll leave this topic for another time.

"You are an anonymous person on the internet and a new member of the community. Why should we trust you to be an advisor for an \$8 billion-dollar organization?"

Let's address these points one at a time. **Why I decided to stay anonymous?** I travel often to South America and still have family there. I have a few masternodes now, which makes me upper middle class in most first-world countries, and makes me part of the elite in South America. I am afraid of being kidnapped or that something might happen with my family, therefore I will continue to stay anonymous. Even if I and all my family were all in a first world country, I would still be hesitant to announce that I have millions in cryptocurrencies. **Why should we trust you to be an advisor for Dash?** I am just a member of the community and although I am giving my professional opinion I do not claim to be in any advisory role. Please exercise discretion, be critical of my ideas and debate with your peers and with other members of the community. Also, I am not asking for money and this document would not be any more or less correct depending on who I am.

"Dash will lose autonomy. It's better to have multiple companies working without a shared leadership"

There is no reason why a department can't have autonomy within an organization. I have witnessed it many times in my professional career. Departments like Research & Development operate with substantial levels of autonomy, and because they are under a well-formed organization, they can access **all of its resources**. HR when they need to hire,

Finance for paying for goods and services, Payroll for paying employees, Operations when a new office is needed, IT for more technical infrastructure, Communications for press releases and so on. Independent companies will need to have mini versions of all these departments and won't be able to easily tap into the main organization's resources.

"Why change something that is working so well?"

Because of how ambitious the Dash vision is, and **because the real challenges are yet to come**. What got us this far will not be enough to take us where we want to go. We now have way more money than we know what to do with, and throwing money at an inefficient structure will not improve it. Every successful business is efficient and competitive... until it isn't. Technologies become obsolete, new competitors enter the market, legislations are passed, consumer preferences change... The insanely competitive crypto industry does not change every few years, it does so every month. Good leadership anticipates market changes and adjusts businesses to be ready for the challenges that are yet to come. We can either make these changes towards efficiency when we start losing (and the market forces us), or we can make them in advance and keep winning.

"Dash is a community and if we will cease to be one if we departmentalize"

Big companies like Apple, Nintendo and tesla all have a very active community contributing with new ideas and projects. The Dash community will continue to exist just as it is today, if not better. Community projects like small sponsorships and meetups can still be funded, with the only major difference being the decision to move forward will not come from thousands of anonymous individuals, but from an executive, director, manager or team leader within the Dash DAO.

"What if the CEO and his team start doing things we do not agree with?"

This problem exists today. What if Dash Core starts making technical decisions that the masternodes don't agree with? The only option I have read so far is to de-fund its budget and create a new Core, so we can apply the same principle to the Dash DAO. If you are still on the high level, you'd agree with me this issue can occur in both cases. If the Board of Directors are not satisfied with how Marketing decisions are made, we simply communicate it to the CEO or COO and they deal with it like any other large organization. I do not want to get into details as they're not important in our high level discussion, but I feel this will be a sensitive topic so here is an alternative to de-funding: during the formal and informal incorporation of the Dash DAO, we can put a clause that if a proposal asking if "the CEO should step down" is passed, he is removed from his position and no longer have authority, again like other large organization. (The exact details of this clause do not matter for us right now)

Another point I would like to address is that some of you might have an unintentional emotional attachment to how things are today. Please do not interpret this in a negative way. Because I joined Dash recently, I do not have this emotional attachment (yet). However, I am human just like you, and would probably feel the same way if I was in your

position. You joined way earlier, when no one else believed in the project. You watched its market cap grow from thousands to billions. You started voting on small proposals and now you are deciding how to allocate millions every month. It is a great feeling. I understand where some of you might be coming from and I truly respect your hesitancy to change. I am going to refrain from commenting on emotional reasons here because it is just not the right media, but I'll be happy to chat privately.

I am sure there will be many other great questions. If you have one, please try to stay at the high level and avoid getting bogged down in details. You can contact me on the Discord App (JulioDash) or via email juliodash@protonmail.com.

Now let's go over another scenario regarding Ben's proposal and change things a bit.

Ben's proposal again, but this time consulting the masternodes.

Let's re-imagine the same proposal, but this time consulting Dash's Board of Directors.

Ben's proposal is for \$10MM instead of \$1MM. The numbers don't matter, let's just say the decision is too big or too important that executive has to consult the board. Everything happens exactly as before: Ben's proposal goes through Marketing, Legal and Leadership Team. Now, instead of being acted upon, it is presented (posted to be voted) by the Dash DAO (and not by Ben) to the Board of Directors (masternodes). That means an address controlled by the Dash DAO will be the one paying the 5 DASH fee to ask the question to the masternodes. It also comes with an opinion at the end: here is the proposal, here is what we think we should do, here is why. Masternodes deliberate, debate and do everything that they already do in dashcentral or elsewhere. No escrow necessary since funds will be paid to the Dash DAO first, then paid to Ben by Dash Finance, after the contract is signed with Dash Legal. **Notice how escrow is a natural consequence of a good business flow.** If we have more yes votes we move forward, if not we don't. The end.

How much more confidence would you have in this scenario when compared to what we have today?

Summary.

Are you still here? Thank you sincerely for reading this far! Also, if my examples offended anyone, I am truly sorry. Discussions can get heated and passionate especially in such an exciting project like Dash. I tried to be as polite, honest and straightforward as I can, while still getting my point across. Sometimes we hear things that affect us on an emotion level and our first reaction is to reject it or get defensive. This is normal. How are you feeling right

now? If what I said made you feel defensive, consider taking some time off and coming back to this post after you've had time to process.

In any case I am very thankful for the opportunity and for being able to contribute. Even if nothing changes after this post, I would still be a happy member of the community because I trust things will eventually move towards what was proposed.

Let's recap the points we made so far:

Point #1: There is only one DAO: the Dash DAO. It is the only truly autonomous entity because its funding comes directly from the protocol. It is also the only truly decentralized entity, or at least the entity with the highest level of decentralization.

Point #2: We have to build the Dash DAO as a proper organization and fully departmentalized, because technologies become obsolete, but well-run business can adapt and thrive.

Point #3: A well departmentalized and fully formed Dash DAO is needed in order to compete with VISA, MasterCard and American Express. Not only in technology, but also in all other areas of business. If we just have a "product", when we meet them for a "business" fight in the free marketplace, we will lose.

Point #4: Masternodes do not have all the variables necessary to make decisions on a granular level. These should be reserved for team leaders, managers, directors, and executive to make, because they are the most technically competent and have the most information.

Point #5: The Masternode Network is not technically competent to make granular decisions. It has nothing to do with the people, and everything to do with the decentralized, democratic, dynamic, and heterogeneous nature of the entity.

Point #6: Dash already delegates most of its granular decisions to the Dash Core Group Leadership Team.

I hope I managed to present these points well and remember they were made to be considered at a high level, where details and exceptions do not matter.

The proposal.

I'd like to put up a proposal to the masternode network, asking essentially the following:

"Should we form a truly departmentalized Dash DAO"

(Yes / No)

The wording might change but essentially, we will be asking whether we should have a fully departmentalized entity that would run most, if not all, areas of business. The most natural step would be for Dash Core Group to be considered "the" Dash DAO, with all team members having their positions "bumped-up" from Dash Core Group to Dash DAO. For example, Mr. Ryan Taylor becoming Dash DAO's CEO, a current Project Manager for Dash Core becoming Project Manager for Dash DAO, etc.

Other entities might still be created and funded directly from the protocol, especially in areas where autonomy is either highly desired or legally mandatory. However, essential areas of business will be administrated by the Dash DAO.

Note:

One of the criticisms I have received about this document is that it should have included Dash Core Group's opinion. I have spoken with them but will respectfully refrain from making any comments until they chose to make it public. What I will say with confidence thought, is that their management is on another level of professionalism, lightyears ahead of everything else I've seen in the crypto space.

A bright future ahead.

Let's imagine how things might look for Dash in a not so distant future. Remember the technicalities and details still don't matter; we will continue to stay at the high level all the way to the end of this post. Ready? Let's go.

1. The proposal passes and the Dash DAO is formed. It will not yet be a legal Corporation or LLC but for all intents and purposes, it will. The Dash Core Group becomes the Dash DAO. Technically Dash Core stays the same, but in practice and within the Dash Ecosystem, they are now the Dash DAO.

2. Dash DAO hires experienced Administrator, a COO (Chief Operating Officer), to help build the organization and all the its departments. For those not familiar with the term, the CEO is the leader and visionary, the COO runs the organization and make sure it keeps up with the CEO's vision. Back in the days when Steve Jobs was CEO at Apple, Tim Cook was his COO.

3. During transitional phase A, while the organization is still being formed, everything works exactly as it is today, with proposals presented directly to the masternodes. As departments begin to take shape, they gradually start to evaluate and give their opinions on proposals. If we have a partial Marketing Department and there's a proposal to create a Dash Hockey Team, Marketing would give its opinion on whether we should go ahead or not, and why. It's ok if they can't or chose not to evaluate everything at this stage. Masternodes continue

to have the final say and vote normally. Funds still go directly to whoever posted the proposal.

5. During transitional phase B, departments are formed and proposers are encouraged to contact Dash's departments directly. These will have discretionary budgets and independence to act based on criteria laid out by the CEO (i.e. on proposals less than \$30k). If a proposal is vetted and the department has a budget, it is acted upon right away (companies are paid, contractors are hired, etc.). If they still don't have a budget or if the amount is in excess, the Dash DAO will put up the proposal to the board of directors (masternodes) requesting funds. Funds will be paid to the Dash DAO itself, and then redistributed to the appropriate department or paid to appropriate companies by Dash Finance.

6. During transactional phase C, departments are well formed, small and medium proposals all go through Dash Departments directly. 95% of the proposals open for vote are posted by the Dash DAO itself, because its budget contains all of the proposals from all the different Dash Departments. Anyone is still free to post any proposal up for vote, but now not only it's getting more and more expensive but masternodes are strongly suggesting proposers to contact Dash Departments directly.

In the final phase D, the Dash DAO is fully formed. It's being studied by the Harvard School of Business and featured in all major business publications. It can handle a huge amount of "proposals" and we stopped calling it that; they're just projects within the Dash DAO. The Board of Directors are approving large quarterly budgets fueling the unstoppable power of a true Decentralized, Autonomous and now finally structured Organization. Our coin is at \$75,000 each. We are way bigger than PayPal and we are not only easier to use but also easier to do business with. **The Dash Organization can compete with VISA, MasterCard and American Express in all levels: Technology, Marketing, Legal, Business Strategy, and so on.** We can also lobby at the same level too. And because we have a superior product, we are taking their market share at an ever-increasing rate. Integrations are quick and smooth, marketing is effective and cohesive, our legal team is top notch and a reference for the whole crypto industry. We have patented some of our super advanced hardware solutions that came out of Dash Labs. Dash has physical offices all over the world and customers are delighted by our outstanding 24/7 global support line.

As we watch the Dash Super Bowl ad on our OLED TVs we dashed from Amazon.com, we are filled with joy and gratitude to have been able to participate in this amazing project.

Let's make it happen and much success to us!

Julio

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