SNS COLLEGE OF ENGINEERING

Kurumbapalayam (Po), Coimbatore – 641 107

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DEPARTMENT OF COMPUTER SCIENCE AND TECHNOLOGY

COURSE NAME: 19CS622-Blockchain Technology

III YEAR /VI SEMESTER

Unit III- ETHEREUM

Topic : Decentralized Autonomous Organizations

Definition

- DAO stands for Decentralized Autonomous Organization.

- A decentralized autonomous organization is decentralized, autonomous, and an organization.

- It is a whole organization that is automated.

- It stores rules and processes in code.

- DAOs are often stateless and distributed over millions of computers.

- No single government could decide to take it down.

Components of DAO

No central legal entity:

In DAO, there is no central legal entity, this means that no single entity is responsible for regulating the project.

Self-enforcing code:

Smart contracts are created and extensively tested to make sure important details are not overlooked.

Token acts as an incentive for validators:

Tokens are used in DAO for validators to motivate them and to ensure active, fair, and quick participation.

Steps for Launching a DAO

Smart Contract Creation:

- In this step, a developer or a group of developers create a smart contract behind the DAO.

Funding:

- After smart contracts are created and launched, the DAO needs to determine a way to receive funding. Sometimes, the tokens are sold to raise funds.

- These tokens give holders voting rights.

Deployment:

- Once everything is set up and on track, the DAO needs to be deployed on the blockchain.

- From this point onwards, stakeholders decide the future of the organization.

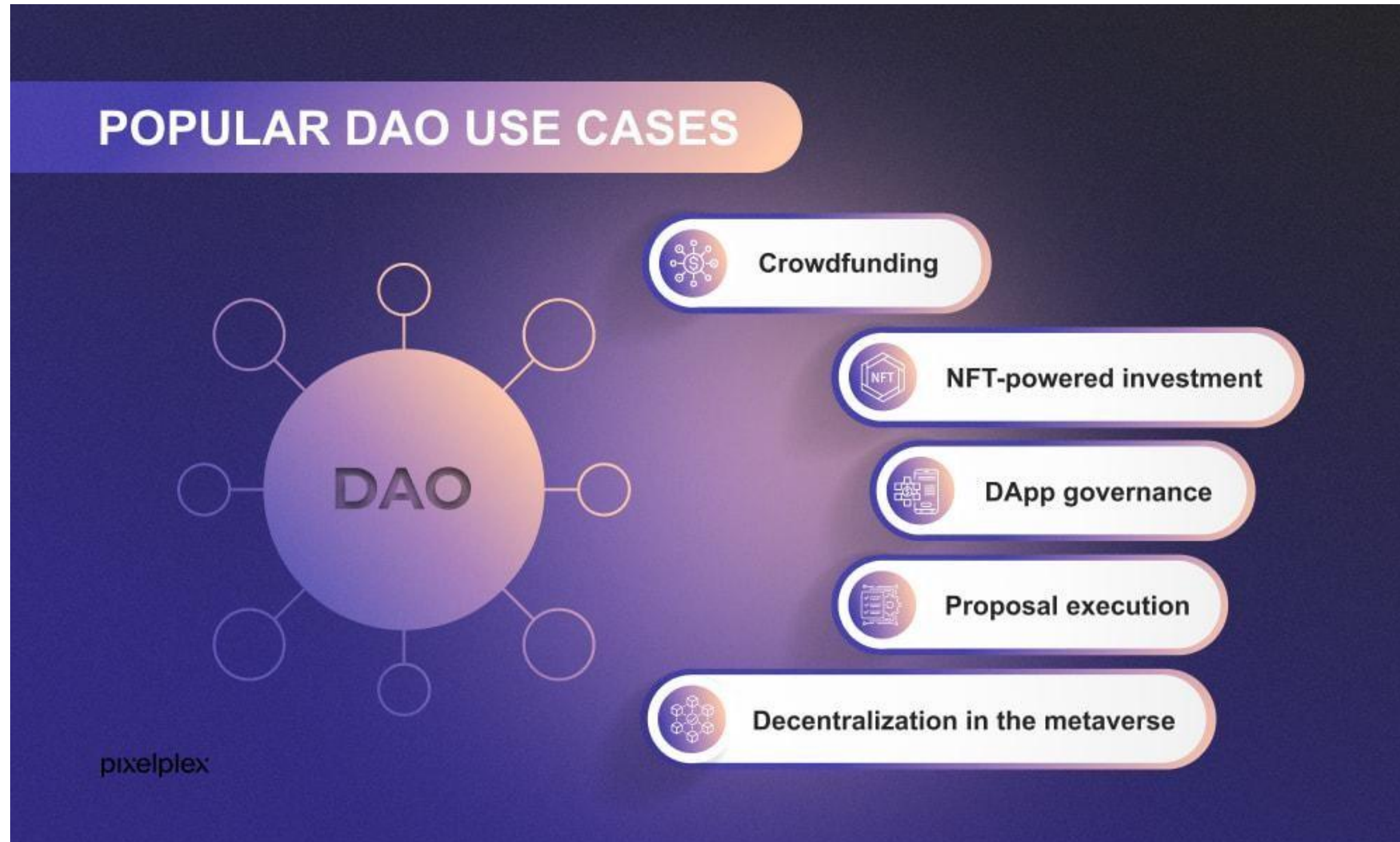- The developers who created the smart contracts, no longer influence the project.

Steps for Launching a DAO

Smart Contract Creation → Funding → Deployment

Advantages of DAOs

Decentralization	Community Driven	Principle-agent dilemma

Disadvantages of **DAOs**

| Security | Slow Decision Making | The Bikeshedding Effect | No legitimate structure for circulating DAOs |

Assessment 1

References

TEXT BOOKS

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2. Imran Bashir, "Mastering Blockchain: Distributed Ledger Technology, Decentralization and Smart Contracts Explained", Second Edition, Packt Publishing, 2018.

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3. Arvind Narayanan, "Bitcoin and Cryptocurrency Technologies: A Comprehensive Introduction", Princeton University Press, July 19, 2016.

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Thank You