

## Tech Tokenization

Mukul Pal  
Founder, AlphaBlock Technologies  
email: mukul@alphablock.org

March 18, 2019

Tech Tokenization is an effective way to distribute reward, maintain accounts, and fractionalize. The three core functions can be addressed by a general purpose technology (GPT) as accounting and fractionalizing should be service agnostic, where service is anything which adds tangible value. What is value may seem hard to quantify but in a tokenized world, value is dynamic, measurable, enhanceable and competitive. As dynamic as the periodicity of its input data. Measurable as an understandable metric. Enhanceable as its underlying algorithmic process learns. Competitive as it is operating in a level playing field. Any service which adds tangible value, aspires to be distributed globally and get its fair share of generated value.

This is not distant utopia but current reality, a mechanism to collaborate. Allowing businesses or individuals to build together while retaining a fair reward is not a pipe dream. If value can become perceptible, fair distribution of reward is the easy part but technology is inefficient and will continue to be so till its commoditized. I build a software, you build a software, and John does it too. We spend resources to compete. Our independent technologies are not as valuable as the tech we could have built together. If we build together and share the rewards we have a better opportunity to reduce costs, redundancies, generate more value and hence build better systems.

How much tech do we need to build anyway? Tech is around us but we are busy building and maintaining more. The more our experience, the longer the trawler, the crew, the fuel burn and the aspiration. The size of your organization could be seen as a function of the size of your tech. You may wonder, what next? Is it more tech? Is it simplified tech? Is it AI tech? Are we herding on the tech wave not knowing where it will lead to?

Tech may not have the answers and maybe it is creating more problems than solutions. This is the nature of evolution, the solution ends up becoming the problem. At the peak of prosperity when resources are inexpensive we don't worry about efficiency, we are reckless, wasteful. The cycle turns. Extravagance transforms into parsimony. Let's for a minute assume we are going to hit a resource wall, soon and something worse than 2008 will hit us, forcing us to manage with less, innovate. More innovations happen at market (societal mood) lows not at highs (exuberance). Collaborative mechanism during a down tide could create new opportunities rather than "my tech vs. your tech". Trust rebuilds from the lows. Assuming the crash scenario is utter wrong and we have more prosperity ahead, the existing system's reward distribution, static immeasurable value, and relentless building, is inefficient. Technology does not encourage collaboration. Either it's free or it's a war. There is no middle ground. A good design can fractionalize these costs, benefitting the user (consumer) and rewarding the value creator.

Before we tokenize tech we need to build better trust systems. Lack of trust is a historical and worse problem than inefficient tech. If tech has to survive, it will have to build trustable (validated) services, intelligence and commoditize every service. Old tech will have to choose between laying the foundation for new tech or become irrelevant. The age of infatuation with frivolous apps, product differentiation will need much more than a user experience, bundled with an AI process.

We are living the "Inscrutable Markets" [1] where it is hard to make information, people, tech, reputation, decision making, accountable.

*"The notion of an honest signal breaks down because quality is elusive and market participants rely on heuristic signals for forming an opinion on quality...Receivers make inferences through associative mechanisms which are unrelated to underlying qualities."*

Trust can be nurtured by taking tech away from decision making because it is a dynamic process, driven by various technologies. The focus should shift to a better answer rather than to competing technologies. This collaborative future can happen when tech, like the internet, gets relegated to the foundational infrastructure which drives collaboration, decentralization, wealth allocation and intelligence generation. A more valuable future than quarterly earnings based on inscrutable value.

The intelligent web a.k.a web 4.0, is not about information, it is about intelligence. Information is what we use, reuse or ignore to build such intelligence. Data is getting commoditized, becoming foundational and pushing out intelligence, the new meta data. Tech will follow data, as worries around data privacy dissipates and intelligence becomes more interdisciplinary and cross functional. Information will transform itself into ultra smart agents, which will navigate the web and assimilate knowledge for value generation. Lot of tech will tokenize, build, maintain and pay for itself by feeding into intelligent services, which will first be consumed, enjoyed and experimented before they commoditize.

Human economic and behavioural systems are prone to swings and suffer from scalability challenges [2]. Machines can bring more accountability because they function on pre-set rules and hence can be rewarded and punished in a more objective way than humans. Machine agents don't have to work in isolation, they can interact, compete, collaborate in an ecosystem which measures and compares performance of agents working for every human preference be it region, asset, domain, pricing, brand, budget etc. The missing element is designing value chains, where reward is concomitant on the success of the chain. Take data for example, there is a lot of it, but it operates in silos. Marrying data to its use cases in a secure environment empowers it, adds value to it, makes it reusable, increases its affiliation with other data sets, allows it to explore new use-cases, be open to experiment, become interoperable and hence nurture innovation.

If trust is about bad character coupled with poor communication, GPTs have the fix. Bad character can be fixed with validation mechanism and poor communication can be overcome by objective value chains built on referenced data. Transparency conflicts with the idea of proprietary information (knowledge) but today technology can build trust without total transparency. Zero Knowledge proofs [3] allow intelligence to showcase without the need for having the "key to the door in the tunnel". Blockchain might be perceived to be less about data and more about transfer of value [4]. GPTs go beyond the transfer of value, transformation of value into an asset but rather into building a value chain which grooms intelligent asset sensors with scope beyond a transaction. Value is an interminable transaction with perpetual cash flow.

*"Quality tends to coincide with uniqueness" - Diego Gambetta.*

I was asked at a Startup Grind, Toronto event, "What did you give back to the society?" Allowing people to build on your tech or building on someone else's tech is more than a noble cause. AlphaBlock's blockchain tech is a collaborative mechanism for tech companies to come together and build a value chain for the world. If there is value, the community rewards. If there is no value, the community destroys. Why to operate in a world without value? The future Benefits of tech tokenization are spread across domains be it cybersecurity or weather. The society is not built on inequality, it's built on an unfair share of reward. A collaborative environment on the web could act as a leveller, an inefficiency reducing system. War is a result of societal inefficiency which is about unfair sharing of value. As metaphoric as it may sound, Technology is a generational enabler, let's use it like one.