(cleaned) Participant 2 and TE Study

Nathalia Scherer 17:26
So can you share a little bit about your personal journey of how you got involved in your field of work?

participant 2 19:21
Yeah, I started as an entrepreneur in college, I was studying entrepreneurship. We had to build a startup as a class project ended up as a semester long project ended up really falling in love with entrepreneurship in the project and decided to continue working on it after the class and then worked on it for a summer and then one more semester and then decided to drop out and focus on it, did that for five years and ultimately sold that startup wasn't a big sale, but we like paid back the investors and had a small win for the team. And that same month started a company called $name$ I'd become very interested in cryptocurrency over 2017. While we're kind of in the final stages of acquisition for that first startup, the startup $name$ and $name$ was an awesome journey over like six months. I still like was learning a lot about crypto throughout that journey and then $name$ acquired $name$ and so I started working in shape different 2018 as a product manager, that was an awesome experience learned a lot over the five years that had been there. And yeah, when we we also got involved with name in February 2020 After $ Eth Denver$, and so I had seen kind of firsthand while I was working at name the power of DAO's and the ability for just a group of people to coordinate online and build really cool shit without any kind of central entity. So I was yeah, very excited when $name$ we found out it was possible for $name$ to become a dowel and I got to lead a lot of the design for the DAO the governance process the tokenomics the the kind of how the DAO the DAO tooling and stuff and set the Dow for Genesis when we launched the Dow and handed it over to the community and yeah, what's brought us here today.

Nathalia Scherer 21:19
So thank you, how would you define token engineering? Hmm

participant 2 21:28
I guess the the art and the science of designing the designing a token and the economics around a token to basically try to Yeah, create a sustainable, great yeah, to basically create an economy that functions in the way that the engineers desire it. Their intent

Nathalia Scherer 21:51
is there. Would you say that token engineering is solving something that other fields are not solving something unique about it?

participant 2 22:03
Yes, I would say that, basically, yeah, with token engineering, we have the ability to design economies that are trustless in that function as designed, basically. Which otherwise the I can't

imagine how you could do that. In traditional world, because you can't really just like code these rules that anyone who wants to participate in the economy has to follow. Right.

Nathalia Scherer 22:31
Can you share a little bit about your daily work routine? What are examples of typical rules that you handle daily?

participant 2 22:39
Yeah, I have a very interesting role. And wear a lot of hats for sure day to day, I'd say I wake up and the first thing I do is like check on my Discord, notifications, and respond to like lots of DMS or tags or pings, basically to see if anyone asking for help. And try to basically use my time to do whatever task I think are going to be most critical for the DAO. So oftentimes, it's like waiting until things need to get done basically, and doing like the things that need to get done. And sometimes even Yeah, deciding like, oh, there's just not enough time to do something or delegating sometimes asking people for trying to just yeah, get other people to take on different todo's. But yeah, we're like my main responsibility is to support the foundation and supporting the DAO and achieving full decentralization. So sometimes like, that includes managing and maintaining the legacy centralized stuff, like, for example, if there's an email that needs to get sent to the name email list, the Dow doesn't have the ability to do that. So I'll go into the email tool and press the buttons to send out an email because I'm one of three people at the Foundation who has access to that. So there's all there's like a handful like legacy responsibilities, where I'm one of the few people who has the ability to do it so I had to take on that stuff. But in my free time, I'll like support the DAO and do like specs for features on the product side. Right the specs, kick them off with engineers coordinate between different work streams and stuff to help ship features. All sorts of stuff, really. Whatever whatever I can do to support the Dao.

Nathalia Scherer 24:27
That's very, to have that role to be responsible for decentralization. How do you see do you think that token engineering has is a key component of that?

participant 2 24:40
I think so. I think in order for us to basically achieve full decentralization or sufficient decentralization, we need a community of token holders who want to hold the token and who feel compelled. Encouraged, you're motivated to basically participate in governance. And yeah, so the token $ name$ is our governance token, obviously that plays a role. But then also the economics around $name$ and how do people get $name$? Why do they want to have $name$ whether they want to hold $name$ And then additionally, yeah, kind of just more broadly, how can we accrue value to the $name$ token so that as name is more successful as more value accrues to name and keeps and captures more value? How can we accrue that value to the token in the token holders, who are the owners of name?

Nathalia Scherer 25:33
What are some specific tools that you use daily?

participant 2 25:37
$Discord$, $notion$ $Mixpanel$ for analytics, $GitHub,$ $Google Chrome$, and $Google Docs$ and stuff like that. Yeah. $Google Sheets$

Nathalia Scherer 25:55
and which areas of knowledge do you consider essential for the token engineering field?

participant 2 26:05
Economics

and understanding of all right, oh, yeah. blockchains are I was thinking in first like smart contracts or solidity, but it's possible to have kind of tokens outside of that but just a crypto some some level of crypto knowledge, economics. I think finance helps, can help.

Maybe some some understanding of the legal or regulatory environment can hurt but not not required. Yeah, I'd say those are the main ones that come to mind.

Nathalia Scherer 26:54
Thank you, and what are the challenges that you have faced in your work in general?

participant 2 27:04
Some of the challenges

what are some of the challenges we face? I think communication and coordination basically, a lot of terms just boils down to that and then getting a community aligned focus. rowing in the same direction, motivated especially during a bear market. I think can be tough. Yeah, and also, I would say yeah, the the tokenomics side is definitely challenging like the token engineering side and basically having the value that the community does create and stuff actually accrue to the token or benefit the token. I'd say it's challenging. Marketing is a big one just like getting awareness for what we've built. super challenging.

Nathalia Scherer 28:13
Do you have insights on how because that's a very, it's a great point. I think the making sure that the value created by the community is accrued by the token.

Do you have like, how do you guys deal with that and in your community?

participant 2 28:38
Yeah, so we do have a contract called namey, where users in fact token holders can stake their name and earn yield, non-inflationary yield. So the community has the ability to basically take any revenues that the DAO generates and allocate that towards buying $name$ and adding $name$s to namey as rewards. So we have that in place. I'd say maybe what a big part of it is that it's genuine generating more revenues that we can use to allocate towards that. And then

beyond that to just until we're allocating revenues. Yeah, how do we basically get people excited about the potential of $name$? How do we communicate that it doesn't create regualtory risk for us? Had it? Yeah. And I think $name$ is undervalued. Right now personally, and so how do we basically get name to the value we think it should have basically in a way that doesn't again, doesn't create any additional risk for the community?

Nathalia Scherer 29:40
And what are some of the common pitfalls when practicing token engineering or the tokenomics? As you've been working with it?

participant 2 29:52
Yeah, I think it's really hard to predict what the markets gonna do. And it's hard to definitely, I think the regulatory environment has created some fear in the community. Recently, we've been talking we've been talking about namey and whether namey is worthwhile or if it creates, if the risks that it creates is not worth the benefit that it adds. So that's been frustrating for me because yeah, just the all the regulatory uncertainty and that prevents the community from feeling confident and doing cool things and building stuff that regardless of what the regulations say, like can't be built and, in my opinion, are protected by the First Amendment. And are unstoppable basically. And that's what I get excited about. And it's sad that like the regulatory uncertainty, even motivates people to potentially not just like not build something but even sunset something that has been built that's definitely been a challenge. And, and, yeah, just, you know, I think the skills there's not a lot of people who have experience creating engineering tokens or designing token economics at least successful or sustainable tokenomics And so, a lot of it is kind of like, guesswork, best hypothesis. Minimal. Spreadsheets are like experiments to see kind of how stuff will work. And then oftentimes, yeah, just like yoloing and then not Yeah, and then it's easy to tell, I guess when something is working, but it's hard to know for sure why something's working or Yeah, even if one project figures something out that works for them, like applying that to your own project. All those things are very difficult. So I think oftentimes it took an engineering we're just kind of like, trying to come up with the best hypothesis we can and then testing it out in the wild.

Nathalia Scherer 31:58
What do you see as the most pressing needs for the token engineering field to address?

participant 2 32:07
Yeah, I think I oftentimes think of from the user perspective, so I think it would be very nice if there was a flow where people could who were planning to launch a token can basically very easily kind of can select from options for how they want to configure the token. And then, yeah, it'd be great to be able to then have some idea basically with the selected configuration, like how that might perform based on past data. That would certainly be nice. And I think it'd be a cool tool for to make it easy for people to spin stuff up. Maybe also just like, analytics, once the token is live, like how can you see then how can we take the data on chain and turn that into useful information so people can see at a high level how the ecosystem is interacting with their token and then education I thought I think I do think it's really cool that $name$ just has content and

courses and stuff available. And we need a lot more just content educational resources available on token engineering. Yeah, now

Nathalia Scherer 33:24
moving to ethics. Can you describe the role of ethics and token engineering?

participant 2 33:31
Yeah, the role of ethics.

I mean, I think the role of ethics is interesting. I think, oftentimes. You have when you're designing a token, you can't you can't certainly can't depend on altruism, you can't expect that people are just going to do the right thing. So it's very important to think about incentives and recognize that people activate their self interest and how can you design try and design these incentives in a way where people are incentivized to do the right thing, or the thing that you you would like them to do in your economy. And then yet, it's obviously unethical. I think transparency is very key, like you should never as a project, as long as you're very transparent about what you're doing, I think then that's the that's the most important thing. And so yeah, you shouldn't say It's decentralized, if it's not decentralized, or you shouldn't say the token supply is capped, if you have the admin keys and commit more tokens and stuff like that. So but then as long as you are transparent, then you know, people can choose whether or not they want to participate in your economy. In yeah, those are kind of the first things that come to mind. It's really interesting question, basically. But uh, yeah, I think obviously, you shouldn't if you're creating a token, you shouldn't lie about it. That's, that's a huge No, no. And then you shouldn't expect people just to be altruists and stuff you should try to design the incentives in a way that incentivizes them to do what you want them to do.

Nathalia Scherer 35:10
That's great. Yeah. Do you do you have any ethical concerns with the practice that you see happening of token engineering?

participant 2 35:23
I think yeah, maybe sometimes. It's possible to design systems in a way that in work for a short period of time and can get people excited and but then, ultimately come crashing down. And that's probably one of the more dangerous things and when you're dealing with stuff that's super complex, like think of the Terra Luna thing, like so many people, and they were in many ways transparent about how it worked, but it was very complex and hard for the average person to understand exactly. And so because of that, a lot of people kind of just trusted it or saw that it was working and had a large amount invested in it. So I assumed it was all all fine and dandy. But sure enough, like the way it was designed was not actually sustainable and had some critical flaws and probably unethical to market it in a way that made it feel a lot safer than it actually was. That answer the question. Yeah. Forgetting the original question. Yeah.

Nathalia Scherer 36:25

That's a really good point that when something is transparent, but is complex, it's still not like just pairing for everyone, right? There's that layer? Of Yeah, understanding. Yeah, that's a good. Do you do you have thoughts on how to increase diversity and inclusivity in the space?

participant 2 36:49
Education content. I like a lot of the Yeah, just meetups. I think meetups are a great, great way to get involved in to meet other people and get interested in that's a lot of what I did when I was first getting to this space was just going to meetups and falling in love with the community. And I do think that oftentimes the community is very inclusive, like when you go to these in person events, maybe not the $Bitcoin$ events, but the Ethereum$ events, at least are very inclusive. Whereas online, at least, like on just Twitter and stuff might not always be as inclusive. People can be a little bit more mean, I guess, online, but

yeah. I think it's tough. I think just ftom our perspective at names. I know that we certainly like I don't feel like there's any anyone in the community who's anti inclusivity or diversity, but for sure, just the amount of people that come to be a part of the community or get involved are predominantly male, and probably predominantly white males, but it's a challenge for sure. And to know, yeah. So in order to do that, it really does take effort to try and create more opportunities and space first in inclusivity.

Nathalia Scherer 38:09
Thank you. And now one, finances and just incentives in general. In your perspective, what are the incentives to be a practicing token engineer?

participant 2 38:23
Well, there's a skill set you can use for any tokens that you design. So there's a big incentive there, of course, and then also, probably a growing demand for from projects just like name who don't necessarily have that capability in house or if they have some experience, still want to outsource to like, experts who have seen it before who have done it successfully. thing yeah, there's the incentive is basically the demand for the skills and the opportunity to also just use the skills for your own projects.

Nathalia Scherer 39:00
And how would you say is the average salary of a token engineer?

participant 2 39:06
I don't know. I think it's probably pretty good. And I think that probably the people who have made the most money doing it haven't necessarily charged an hourly rate or a package rate, but I've gotten like the part of the token supply is what I would imagine like I think of like the $Fire Eyes$ crew. And I think that they got probably did pretty well just getting like a percent or a fraction of a percent of these huge token suppliers for the projects that they helped out.

Nathalia Scherer 39:39

And do you thinking about the future? What do you wish for the future of the field and how do you see it in the next three years?

participant 2 39:50
Yeah, I see a lot more tokens. Getting launched and probably a lot more. Better understanding of the methods that work well, are the things that work well and helping people understand like, if this is the economy, if these are your goals, this is the economy you want to design. Here's some tools that could work well for that. And yeah, so I think more tokens are gonna get launched. I think the tooling and the content and the education and the knowledge and wisdom around what works well and stuff is all going to mature. And we're gonna have a lot more experiments and hopefully figured out some things that work better. But I think still it's going to be there's going to be a role for anything. Token engineering experts and stuff like that to help push the forefront and stuff and then help digest what works and turn that into things that are easier for the average person to be able to utilize.

Nathalia Scherer 41:00
Is there any space or innovations you would like to see I'm curious specially because you're coming from the decentralized exchange perspective, which we haven't had many people that are in that space. So you, you see a lot of talk, you get in contact with a lot of token objects and I wonder what is your general perspective of like how things are moving? What is the safety of some of this project something that you like you can spot on already consider, oh, this is a great project or this token has been well fundamental or and then

from from some of this insights perspective for for the future.

participant 2 41:49
Yeah, I hope to see more products in the future that are have stronger just like fundamentals basically in like full full economies where as the economy scales and stuff, more than just the full full cycle of like, more users coming in more value coming in, creating more value accruing to the token which brings more users just like really nice flywheels. I think liquidity right now is probably a really big challenge for any token is having sufficient liquidity and liquidity mining can be very expensive and hard to sustain. So, yeah, look, I am interested in the new models of DEX's that aren't just traditional AMM's and kind of help solve that liquidity problem very interested in bonding curves and stuff. And I would like to see more projects utilizing bonding curves, especially for low liquidity tokens, and I think we should see more of that like tools and the ability to create like micro economies that can still be sustainable but don't require a huge amount of liquidity or tokens to have low slippage and stuff like that.

Yeah, and I think the tooling is going to evolve quite a bit as well. I think right now it's, you're still as a token engineer, having to use a lot of different things are being pretty technical and pieced up together. And I think that the more and more tooling is going to evolve that makes it easier for the average person or even easier for the experts to deploy the exact kind of economy they want to deploy or the ideal economy they don't want to I want to deploy get an idea of how that

become my my performing the while and then be able to measure how the economy is performing after deployed.

Nathalia Scherer 43:40
Awesome, thank you. And that's AI technology continues to advance. There is a potential for it to significantly impact the development and implementation of token engineering. In your opinion, how do you see AI affecting view then also, how would your work being involved in

participant 2 44:00
oh man, great question. I forgot about AI. Who knows how AI is going to change token engineering. But yeah, I mean, I think it's not crazy to think that we'll have aI participating in the token economies basically, maybe AI helping to design new token economies and simulate token economies. And help improve the token economies based on data once they're live. I think I think AI can and will play a role in all this. And then yeah, at some point, AI is going to become super intelligent. And who knows what the future there is going to look like. But hopefully, it is kind and we can continue to engineering tokens once that happens.

Nathalia Scherer 44:51
Yeah. And oh, we got to

the final question, that is whose work do you admire and the token engineering space?

participant 2 45:03
Yeah, definitely. $name$, of course. Big inspiration. Let's see. I think.

ENS is just, I think, a good example of a data that's generating a lot of revenues, so I certainly admire what they're doing. I really like you and I like g $name$ tokenomics dreams. A lot. I think the $name$ will give a shout out for the bonding curve, rocking the bonding curve

$name$ the way he talks about also not just the value of fundamentals, but the value of of memes and how that plays a big role.

It's a good it's a good question. And it's making me realize that there's not a ton of like token engineers that I can think of that I really

admire but super deep and I haven't necessarily looked at what a lot of token engineer done. We are all about buying the bonding curves. I think is really interesting as well to whoever put that together. And then $ name$ talk to you know who that is? Yeah, talk to name before him. I like the way he token economies and all that as well.

Nathalia Scherer 46:44
Is there anything else you would like to share? Huh?

participant 2 46:53

No, meah all I'll say is that, yeah, the regulatory stuff is really challenging and frustrating. And I think it's unfortunate because we have like the potential now to create stuff that just was not possible before. And now it's just not clear on like, if you do that, then are you subject to tremendous risk? And I think that's unfortunate, because what I get excited about is, I mentioned this, I think earlier, but the ability to I would get very excited about governance tokens and the ability to create organizations and communities that are owned by the community by the users. And I think that while in some ways, maybe some of these things, they are going to prove me that like some of these governance tokens and stuff look like securities because there's a community of people and if you hold it, you're maybe expecting profits, but I think the same can be said about a lot of stuff. And I think that all the lessons that apply to securities and all the resources that go into regulating that and all the bullshit that startup has to do to file all the forms and be compliant. All the reporting and stuff. Is doesn't really apply to a lot of these DAO's, who aren't just completely transparent, and anyone who wants to participate and can participate. All that all the assets and stuff are on chain and the rules of the governance are all coded and stuff and that as long as you're being transparent as a Dao and not being fraudulent and stuff like that, that you should, you should just be able to create and deploy these tokens and people should be able to come participate and then so I hope that we can, that the regulations don't end up killing. What's the potential that these tokens have?

Nathalia Scherer 48:32
Do you see any way of Do you have any ideas and how to prevent that from happening?

participant 2 48:39
I like $name$, have you seen her proposal for a safe $harbor for tokens?$ No. I'll share it with you. I really like this and I hope that this gets adopted right now. It's just a proposal so it's not an actual rule. But basically, it gives like, tokens and net crypto networks, a three year Safety Harbor where they can basically like do a very simple registration and then launch their token and they basically get three years where they have time to decentralize before the SEC will consider whether or not the asset is a security and so I think that's, I think that's pretty cool. And it's thing I keep in my mind achieved yet even though we're not it's not a rule yet. Just that okay. We have like once like at that point, we should we should be sufficiently decentralized as best as we can be. And and I think that's the goal. I think that gives time for innovation and stuff. But still relies to be to not be considered a security. If you're still centralized at that point, then you still can be considered a security. I think, yeah, that would be that regulation would help a lot in we'd like to see it passed in pretty, like good sorry.

Nathalia Scherer 49:58
No, no, go ahead.

participant 2 50:00
I was gonna say she hasn't she released like the whole proposal on $GitHub$ and stuff. $name$ is just super cool and everything would be awesome if she was commissioner instead of $name$.

Nathalia Scherer 50:09
Yeah, thanks for sharing the resource. It's great for us to have some presence of the legal side to and what people were thinking of that on that front. And also just last question out of curiosity, because you work so much with governance tokens and thinking about decentralization. We've seen a series of challenges with this combination of finances into a governance token Do you have

some thoughts around it and how you see that in the design of the token, like how could that be important from the very token engineering design perspective?

participant 2 50:52
Yes. I think I see room for both like I think some people think that governance tokens, you know, shouldn't necessarily value or be transferable. And, and I think it's a good tool, I think like having the ability for a token to be transferable and have value and for the value to accrue to that token, I think is very valuable. I also think there's value in like soulbound tokens and potentially a combination like the best of both worlds for giving governance power to the community. But yeah, I get what I think I get really excited about the potential for the finances and the financial success for a project to be captured by the token that also has the governance rights. I think we're still pretty much at the early stages and the kind of the best way we figured out how to do that is just like one token, one vote. But I think like civil resistance and stuff once that people are working on solving that I do get very excited about like $quadratic voting$, I think is a way to just like still have the finances attached to the token, but also just like try to balance the scales a bit more between them smaller holders and the large whales. I think, solving civil resistance and then implementing quadratic voting is a great way to do that. But yeah, I think just like, you know, shares and stocks and stuff. Were not only great for companies to be able to help raise funds that they needed to be able to go build stuff, but then also great for the average person to be able to invest in these and get upside from the success of these companies. I think governance tokens are just like a better form of stocks basically. And that don't rely on like all this legacy stuff to [forest] but can just be trusted solely in [forest] and anybody anywhere in the world can can get access. I think it's awesome. And I think that it's just going to we're still just like at the very kind of first basic stage of that, and that it's going to just continue to evolve and more tools are going to it's just gonna get better and better. And eventually, I think it's going to be very hard for the traditional finance sector to compete. And I Yeah, and I believe that even a lot of the legacy legacy stuff will get tokenized and you'll be able to have, you know, in your wallet, your stocks as well as your governance tokens, side by side.

Nathalia Scherer 53:17
Awesome, thank you For questions. That's

No, no, this is great. You got to fit a lot in the in the time that thank you. Really.

participant 2 53:31
My pleasure. Those are some great and tough questions. So look forward to reading the research that you guys posted. Thank you guys for doing this. Research.

Nathalia Scherer 53:41
Awesome. Yeah, we'll share the results with you as soon as we have it. We're planning for around July have the analysis report.

participant 2 53:50
Awesome. Well, good luck on the rest of it. And again, look forward to reading it guys around. Thank you. See you