

What Is a Decentralized Autonomous Organization (DAO)?

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Decentralized Autonomous Organizations, also known as DAOs, are being used as an alternative way to organize and manage an organization or even a company. In short, the organization is effectively “programmed” into a series of smart contracts that are stored on a blockchain. These smart contracts dictate the basis of the organization’s management and decision-making. Essentially, according to this [CNBC article](#), a DAO is “an Internet community with a shared bank account”—the organization is run by code on the blockchain rather than a hierarchical leadership system. This implies that the organization’s members directly serve as managers and owners without a need for extra bureaucracy.

The DAO relies on smart contracts that automatically execute when conditions are fulfilled. The smart contract outlines the organization’s rules, which can only be changed via vote. It can also send and receive funds without relying on a human-driven intermediary.

Upon purchasing DAO tokens, commonly with Ethereum, members can vote on rules and directly spearhead company changes which would subsequently trigger the smart contracts. The tokens serve a critical role in voting—any member should theoretically be able to participate. This promotes a more horizontal, transparent organizational structure.

[Learn more about DAOs.](#)

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