

Chapter 2 - Decentralized

Learn Blockchain Technologies along with ThunderU
Ecosystem Development

Why decentralizing

- By nature, centralized model protects centralized authorities.
- For Example 1, Uber is a centralized business.
 - It used to give driver 110% of the money paid by the customer to the drivers.
 - Now, Uber gained the momentum, In some areas, the driver only gets 40% of the money.
 - The centralized single entity dictates the rule and protect their own interests.
 - The counterpart of this is “decentralized Uber”
 - The transaction fee in the smart contract hosted on blockchain (Decentralized architecture)
 - Although the logical business entity is still single, but by putting key logic and rules into Smart contract acts like outsourcing the key department to decentralized model.
- Decentralization provides the tokenized economy.
 - The old point system can now use tokens issued by blockchain. Most reliable

3 Reasons for Decentralization

- 1 Fault tolerance and 2 Attack resistance
- **3 Collusion resistance** – it is much *harder for participants in decentralized systems to collude to act in ways that benefit them at the expense of other participants*, whereas the leaderships of corporations and governments collude in ways that **benefit themselves but harm less well-coordinated** citizens, customers, employees and the general public all the time.

Reference: By Vitalik Buterin

<https://medium.com/@VitalikButerin/the-meaning-of-decentralization-a0c92b76a274>

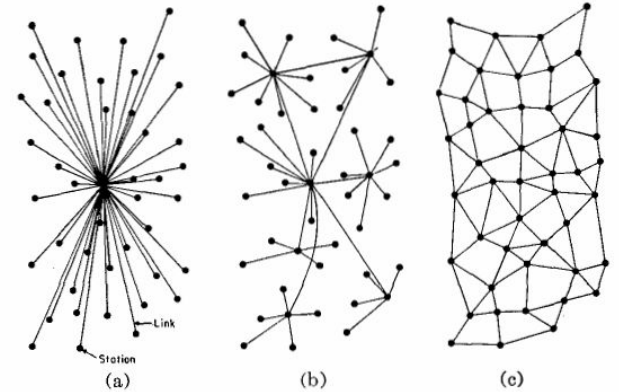


Fig. 1—(a) Centralized. (b) Decentralized. (c) Distributed networks.

Think about

What are the businesses around you centralized and what are the problems you have experienced by the disadvantage of centralization?