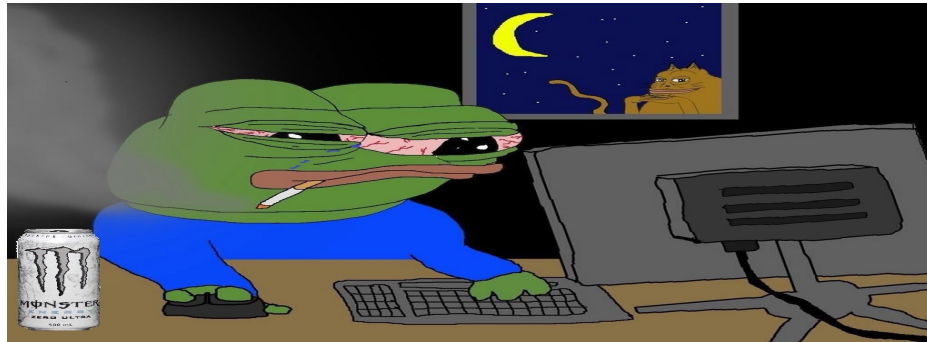


I'm looking for sustainable decentralized business



Introduction

If you ask around what cryptocurrencies are, 99% of people will answer "something to make money quickly (or lose it quickly), depending on the person's view of life" and yes, it is true, BUT.

I too initially saw this world only with the eyes of **pump & dump**, but now something has changed. The arrival of **DeFi** (decentralized finance) in 2020 seemed like the latest fad in the crypto world, ready to create its **own bubble** and then burst.

This is actually what happened in the 2021 bull run, where all the cryptocurrencies that were linked to the concept of DeFi exploded even though there was no underlying value.

The key word in that period was **Yield Farming** or **Liquidity mining**; in short, protocols paid incredible returns (100%, 200% up to 80.000%) to anyone who deposited liquidity in their protocol. The problem was that those rewards were paid in the **project's tokens**, which, you guessed it, **had no value** (other than speculative), resulting today in tokens down 99% after just 2 years and rewards equal to zero for those who participate in the protocol. Just check some random DeFi token on coinmarketcap and you will see the chart (suggestion: COMP, SUSHI; SOLARFLARE).

I have reason to think, however, that DeFi **was not just a fad** of 2021, but that it will revolutionize the blockchain world forever and many people still haven't figured it out!

The goal of this essay

I still don't know what the goal of this essay is. According to Paul Graham's "[The age of the essay](#)", I'm writing my ideas without a precise final destination, but yes, surely we will talk about what I mean with the phrase "I'm looking for sustainable decentralized business".

Incipit of this research

I'm tired of looking at the chart and searching for the best moment to buy or sell the next random crypto to make money from the delta price in my operation. This is not the life I want.

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The life I want is to work on things that interest me and **surf in the warm seas of Hawaii**, but how can I do that if I have to constantly analyze new projects to buy low and sell high? **Impossible.**



[This research is for my long term view and could not be followed by my short term decision. As I still have a very small portfolio, my short term goal is to increase it fastly. More info in the first crypto portfolio update.]

This is why, in general, people with similar goals to mine invest in stocks or ETFs that can give them dividends to pay for the expenses of everyday life without needing to stay in front of the computer. Look's good BUT.

DeFi Revolution

Although it is a good idea to accumulate stocks and ETFs in the traditional financial system, I see this choice as being of an **intermediate** risk level, therefore with intermediate returns.

I am young, I work in DeFi and I can take so much more risk than a 40-year-old man with a family, and I see **DeFi as the right place to speculate/invest.**

As mentioned earlier, YES; DeFi was a bubble in 2021 and burst in this actual bear market, but unlike all the bubbles we've seen in the crypto world, I have reason to think this time is different (this phrase never brings good luck, but I'm convinced of what I'm saying) and I will try to explain why in this and next essays.

What is DeFi (for me)

By decentralized finance, I mean all those that are called dApps, or decentralized applications. Those work thanks to **public and verifiable smart contracts** and there are dApps of all kinds (decentralized exchanges, lending and borrowing, money markets, yield optimizer...)

Why do people create new dApps?

99% -> create a dApp during the bull market, create a useless token that is the "head" of that project, wait for stupid "investor" to buy the token in FOMO, **sell their shares and run away** to Hawaii. But what a shame to go to Hawaii with these feelings of guilt, come on...

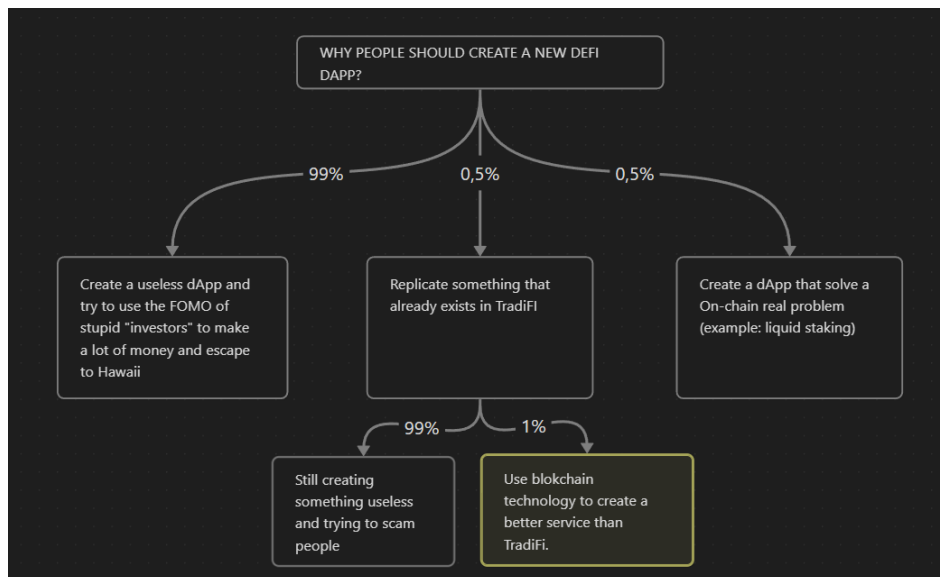
0,5% -> Bring a service that already exists in the real world into the blockchain world. Example: Before we had centralized exchanges (like MtGox) where you could exchange your cryptocurrencies, now there are DEX, or decentralized exchanges, where you can do the same, but in a decentralized way, with pros and cons.

Why should they do that?

- 99% -> because they want to take advantage of the bull market to make money with the token of the project and run away to Hawaii with less guilt.
- 1% -> because blockchain technology actually allows you to create a better service than the one available in traditional finance.

0,5% -> create a native blockchain service, which does not exist in the traditional world but which people living on-chain actually need. Example: LIDO created the concept of liquid staking, which did not exist before.

Resume:



There are two interesting categories in this graph, but only one is the one on which I am focusing my attentions.

DApp that solve On-chain real problem

Let's start with the interesting one that I am **NOT** giving my attention to, which are those categories of dApps that create **native on-chain services that have real use** but are only limited to people who use DeFi on a daily basis. The example already given is the one of liquid staking for Ethereum and the Lido Finance dApp. This was able to give users staking Ethereum what they wanted, which was a **liquid derivative** of their position. If it is not clear for you, I suggest you read this [article](#).

This category is interesting because there is a useful service at the base, of which there is a need. However, what makes me not totally focus on this category is the fact that the crypto market is still extremely **cyclical**, and therefore the demand for certain services is also cyclical. In the bull-market this type of service will be extremely in demand, while in the bear market there will be much less demand, and I don't like that. **I want more stability.** When the crypto market will be less cyclical, I will go into this category of dApps.

Blockchain as a better framework - Sustainable decentralized business

Time has come to analyze the category of dApps that most interest me and to which I am focusing my energies in the study. We are talking about those dApps that offer **services that already exist in the real world**, but in a more **advantageous way** than the "traditional" solution.

Serious investors change their investment habits and services only if there is a **clear advantage** in changing and I think blockchain can offer, in some situations, more favorable situations than those present in the traditional financial world.

In today's article **I will not** name interesting dApps in this category, for that you will have to wait for the next episode, but to conclude this introductory article I want to give you some examples of cases where blockchain is more efficient than in the traditional world.

Exposure to Bonds of foreign states:

If you want to invest in U.S. bonds and you are not American or European. To actually succeed in exposing yourself to this investment you will be required to pay very high fees and you will need a lot of time for all the procedures. Today, thanks to some dApps, exposure to U.S. bonds is easy like clicking 2 or 3 your mouse, with no geographic or minimum capital limitations. **This is an example where blockchain beats the traditional world and I'm looking for this type of dApp, to get their tokens and be eligible for the revenue share process.**

How can the blockchain be more efficient than the traditional way?

In the next episode we will start trying to answer this question, for today it is enough.

Cryptopia Discord-> <https://discord.gg/YXDwk76e>

Diego Twitter-> https://twitter.com/DiegoPozzi_io