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Polkadot Decoded Conference

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Last week, we had the opportunity to attend the New York leg of the now global Polkadot Decoded 2022 Conference. In line with its ambitions: Polkadot has expanded its annual developer conference into a multi-city, multi-media event featuring the latest news in protocol technology, governance, and Parachain development.

We walked away from the event confident and reiterate our thesis that Polkadot is still a long-term winner in the battle for base layer dominance.

PM NOTES:

1. Cross-Consensus Message Format (XCM). The long-promised primitive is now live.
2. Moonbeam + XCM connects Polkadot to other chains without the need for bridges.
3. Simplicity is key. Polkadot realizes that UX matters to the future of crypto adoption, and WASM unlocks the ability to abstract.
4. Governance was already good, but the Fellowship program and referendum classification system makes it even better.

Deep Dive:

Project counts and Git Hub pulls already inform our positive user growth thesis, but seeing the Polkadot ecosystem live reinforces our conviction. The event was teeming with activity from new and established projects alike. While the technology is undoubtedly advanced – probably the best suite of novel crypto primitives we've seen compared to other chains – it is just getting started. To wit, the first five Parachains only went live in December of 2021 and are just beginning to convert from EVM to WASM, a virtual machine that can handle a broader range of operations.

Some notable themes and takeaways from the 2022 conference:

- XCM and more XCM. The Cross-Consensus Message Format has finally been released. The language was one of the major highlights of the event. Almost every project was hopeful to utilize it, if they were not already. It allows communication across Parachains on the protocol and externally with smart contracts in general. Bridges connecting disparate chains, a notoriously hard-to-navigate and easy-to-exploit pathway, can be made obsolete. Yes, we finally see a path to a seamless multi-chain crypto future with Polkadot as the glue.
- The Parachain Moonbeam is the other crucial piece to the puzzle. It enables a hub-and-spoke model and acts as a central coordinator to different dApp instantiations across Parachains. This is big by itself, but an equally promising idea is the connection management to external protocols outside the Polkadot ecosystem (i.e., Ethereum, Avalanche), without bridges, instead utilizing XCM to communicate. Users must usually bridge assets to move through a series of elaborate and potentially dangerous steps to interact with an external

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network. XCM + Moonbeam would automate most complex interactions, remove the need for bridges, and ensure a seamless exchange.

- There is a general recognition amongst projects that the user experience must be simplified to achieve greater adoption. Projects like StellaSwap and Prime are utilizing XCM to make the user experience less complicated, automating convoluted steps in DeFi, drastically reducing clicks for the user to complete tasks and ultimately saving on gas. Activities like cross-margining across Parachains or taking loans against a DeFi portfolio spread across multiple chains will be possible.
- “A shining beacon for on-chain governance.” Polkadot is overhauling its governance model to make it more agile, fairer, cheaper, and easier to create a proposal. For more involved decisions, the network will give users more time to deliberate referendums. Developers recognize not all governance submissions should hold equal weight, such as controversial and non-controversial decisions, and thus should be handled accordingly. An on-chain membership body, the Polkadot Fellowship, will also be created and has no power to change the protocol. However, it will be established to declare whether it believes a proposal is safe and time-critical.
- Lastly, we made a note of one promising project that stood out. Cumulus Encrypted Storage System (CESS) provides decentralized cloud storage for web3 dApps. It is an infrastructure project built on Polkadot where any node can participate in the network and provide slices of under-utilized storage, computation, or bandwidth to offer and meet the demand of enterprise-level storage up to 100PB. We found this interesting because, unlike similar projects, CESS can provide pooled storage resources instead of requiring nodes to provide an exact allotment depending on use. As a result, the system becomes more extensible, flexible, and usable, making it suitable for gaming, video or music applications, similar to AWS or Azure. The project will be live on Polkadot's mainnet later this year.

We're bullish on the future of Polkadot, its ecosystem and its builders. We are starting to see the beginnings of a few notable developments that won't just advance the protocol but the broader crypto ecosystem. The simplification, network effects, and interoperability seedlings of the next generation internet are beginning to collide, made possible by Polkadot.



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