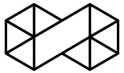

GROWING THE POLKADOT ECOSYSTEM: THE SCYTALE METHOD

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Scytale Ventures & RIAT Institute

STRUCTURE

1 OVERVIEW OF THE TALK
2 INTRODUCTION: SCYTALE.VENTURES AND RIAT INSTITUTE
3 FIVE YEARS OF TECHNICAL REVIEWS
WHY DEEP TECH RESEARCH IS ADDING VALUE
4 CHALLENGES FOR BUILDERS: FOUR KEY POINTS
5 THE SCYTALE METHOD
6 CONCLUSION

1
MAIN CLAIMS AND OVERVIEW

MAIN CLAIMS AND OVERVIEW OF THE TALK

In this presentation I will show results from 10 years of work experience with founders, projects and research in various blockchain ecosystems - with an emphasis on DOTSAMA.

I will present challenges and hurdles voiced by founders and teams building on Polkadot and Kusama.

The ***Scytale Method*** is a proactive approach to mitigate risk and to support founders and teams to effectively grow in the ecosystem.

2
INTRODUCTION: SCYTALE AND RIAT

INTRODUCTION: MATTHIAS TARASIEWICZ

- Head of Research at Scytale Ventures
- Director of RIAT Institute for Future Cryptoeconomics
- Board alumni of the Open Source Hardware Association

http://parasew.com

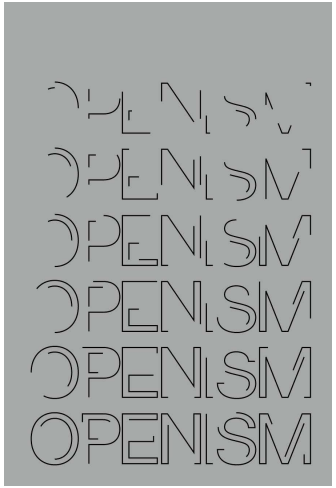
INTRODUCTION: RIAT INSTITUTE

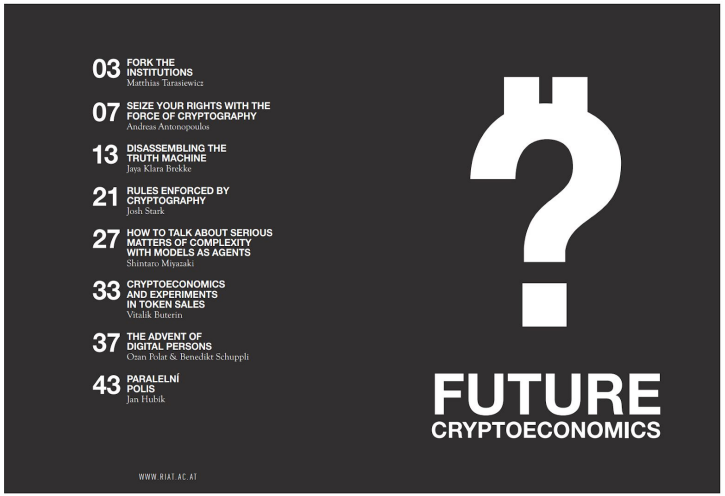
RIAT is an independent institute for research, development, and education in the fields of cryptography, privacy technologies and the future of decentralization. Organized as NGO and situated in Austria.

- 300+ dev/r+d events organized
- 100+ workshops organized
- 30+ research projects conducted
- 18 publications
- 20+ research residencies

https://riat.at

PUBLICATIONS





INTRODUCTION: SCYTALE

- Fund existing since 2017
- Started by Mark Cachia
- Advisory Board: Ed Hesse, Gavin Wood, Aeron Buchanan

https://scytale.ventures

INTRODUCTION: SCYTALE (PORTFOLIO 2022)

- ASTAR
- AVENTUS
- AXELAR
- CENTRIFUGE
- GAMEDAO
- KILT
- JUR
- MYNFT
- PUBLIC PRESSURE
- ZEITGEIST

3
FIVE YEARS OF TECHNICAL REVIEWS

FIVE YEARS OF TECHNICAL REVIEWS

2017 - 2022 SCYTALE VENTURES

- Analyzed **250+** projects *(weeks+)*
- Tech analysis of **60+** projects *(months+)*
- Deep tech analysis of **20+** projects *(multiple months)*

FIVE YEARS OF TECHNICAL REVIEWS

What is “tech analysis” at Scytale?

- Tech Review
  - Understanding architecture and potential of the underlying technical systems.
  - Digging through “PR promises” (real code vs. roadmap)
  - Code reviews and exploratory analysis
- Tech team diligence
  - Analyzing tech team composition and dynamics
  - Investigating current team potential and future options for growth
- Assessing technological risk and challenges
  - Evaluation of technological risk and challenges of the project, now and in the future.
  - This also includes the external dependencies, such as libraries, and third party project dependencies.

DEEP TECH RESEARCH

Deep tech research is adding value for projects, even when they are not invested in. It also gives new investments a competitive edge, as they can benefit from the long experience of the tech researchers.

4
CHALLENGES FOR BUILDERS: FOUR KEY POINTS

OBSERVED CHALLENGES IN THE POLKADOT ECOSYSTEM - FOUR KEY POINTS

In our extensive experience in working with teams, founders and projects in the past 10 years, we identified these key issues in the DOTSAMA space:

A. COOPERATION BETWEEN PROJECTS, PROTOCOLS AND PARACHAINS
B. TALENT SCARCITY
C. ISSUES WITH SUBSTRATE TECH DOCUMENTATION
D. CHALLENGES OF LAUNCHING WITH SUBSTRATE

(A) COOPERATION BETWEEN PROJECTS, PROTOCOLS AND PARACHAINS

Polkadot as Layer-0 technology fosters “alliances of sovereign chains”. Still for projects some elements are challenging:

- Project cooperation can be tough, when you are facing technical challenges in your own project (remember: you are using cutting edge technologies).
- Using and building on top of other protocols can introduce additional risks, challenges and external dependencies.

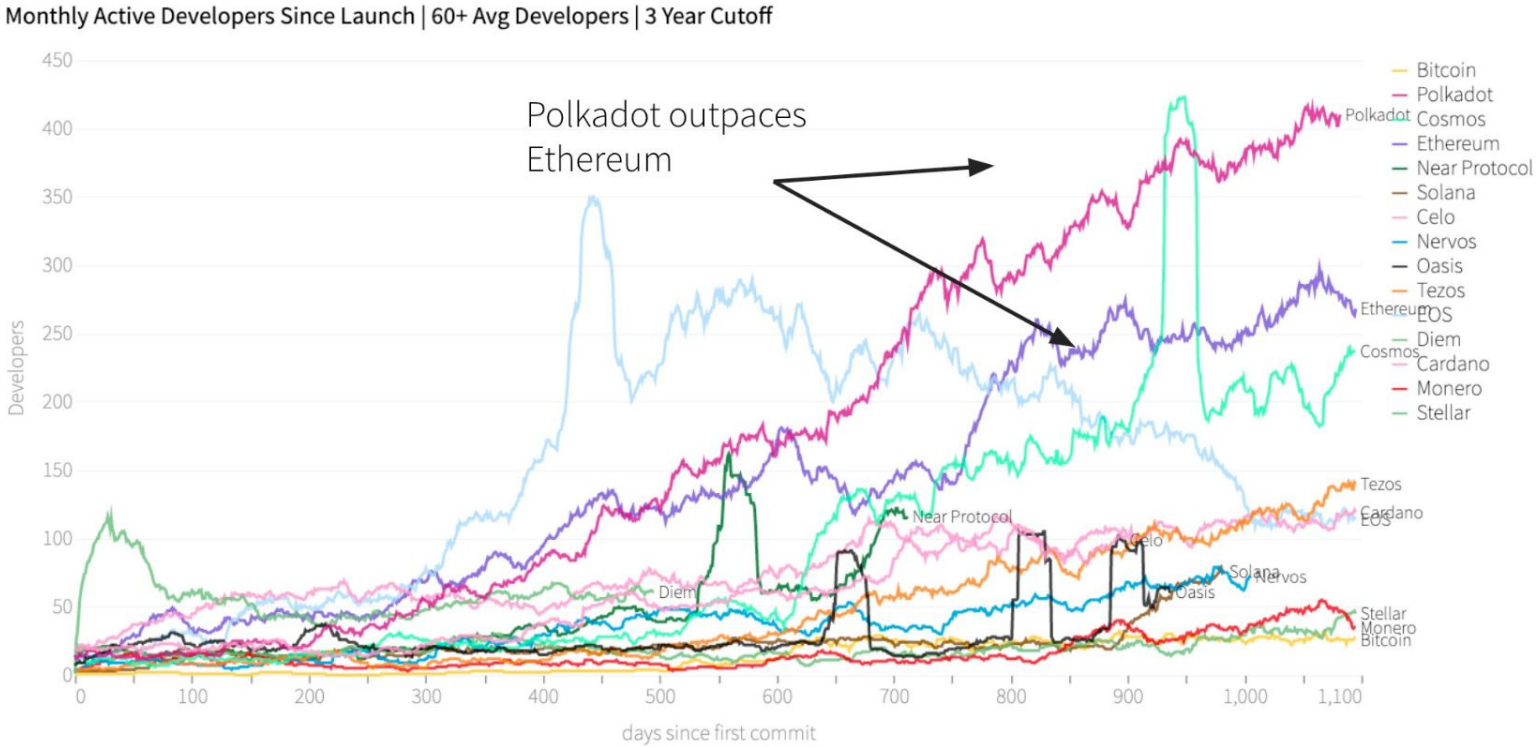
Suggested solution: strong proactive support for the building teams is needed for them to be able to cooperate effectively.

(B) TALENT SCARCITY

The “tech skills shortage” affects all tech and engineering sectors. Talent nurturing and more novel strategies emerge to combat the lack of talent in the space.

- “Talent landscape is a canditate’s market” (Forbes)
- “By 2030 the tech industry labour-skill shortage will reach 4.3 million workers and an unrealised output of $449.70bn globally.” (source)
- “Talent Shortages as Biggest Barrier to Emerging Technologies Adoption” (Gartner)

AT 3 YEARS SINCE FIRST COMMIT....POLKADOT HAS MORE DEVELOPERS THAN ETHEREUM AT THE SAME POINT IN TIME



ELECTRIC CAPITAL

Source: [Electric Capital](), Dec 2020

(B) TALENT SCARCITY

- Polkadot is very strong in regards to developer amount compared to other ecosystems.
- Still the entry barrier to Substrate is very high for developers, as the tech stack is novel and constantly evolving.
- Rust is not the easiest programming language to get into, and Substrate (currently) does not attract senior Rust talent.

(B) TALENT SCARCITY

Suggested solutions to the talent scarcity problem:

- Token upsides can create incentives for developers, and should be utilized. New models might be needed in the bear market.
- Creating **cross-boarding tracks** for Rust and blockchain developers to be onboarded to Substrate.

RIAT Institute is developing models to solve talent scarcity by active training and other forms of developer onboarding. Please contact us for more information.

(C) ISSUES WITH SUBSTRATE TECH DOCUMENTATION

- Substrate documentation was previously “hard to follow” according to developer interviews undertaken. This has greatly improved in the June 2022 update of the Developer Hub documentation site.
- *HowTo-Style* fosters the “How” and not the “Why”: we need to improve the understanding of the underlying technologies and inner workings of Substrate and Rust.

Suggested solution: developing and fostering the development of novel learning and education formats is key to long-term success for Substrate.

(D) CHALLENGES OF LAUNCHING WITH SUBSTRATE

For founders that do not have experienced Substrate developers in their team, it is not easy to find the best way how to launch with Substrate.

- Launch options significantly different that with Ethereum & co
- Separated Chain vs. Parachain vs. Parathread
- Downside of picking Kusama vs. Polkadot
- Launching on existing systems (Acala, Moonbeam, etc.)

Issues:

- No bridging between Polkadot and Kusama yet
- tough for founders to figure out pros and cons of the individual solutions. Example: “currently block production module for parathread is not available”

5
SCYTALE METHOD: THE CASE FOR JUR

SCYTALE METHOD

The ***Scytale Method*** is a proactive approach to mitigate risk and to support founders and teams to effectively grow in the ecosystem.

- Strong technological research and development in the beginning
- Supporting with tech & talent early on
- Creating a talent development plan
- Strong interaction with the Scytale Ecosystem
- Ensuring long-term sustainability

https://jur.io

6
CONCLUSION

CONCLUSION

In 10 years of work experience with founders, projects in different blockchain ecosystems we have found patterns in what founders and teams are struggling with.

In 5 years of project reviews and tech analysis it is clear that there are different hurdles (talent, documentation, cooperation and launching) to making projects a success.

Deep Tech Research gives investments a competitive edge, as they can benefit from the long experience of the tech researchers.

Scytale tackles this with a proactive approach to mitigate risk and to support founders and teams to effectively grow in the DOTSAMA ecosystem.

THANK YOU.

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