EOS
2019 Year-End Review

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RECAP

Eighteen months after its June, 2017 genesis, the EOS ecosystem remains experimental in nature, providing valuable feedback as the blockchain and applications running upon it evolve in an iterative fashion.

Significant enhancements were made in the core protocol, development libraries and in legal/regulative areas, including:

- [Referendum](#) application launched in January
- Major enhancements to the [dfuse](#) library began rolling out in January
- The [DAPP](#) layer-2 virtualization network was released in February
- Release of the long-awaited [resource exchange](#) (REX) in May
- Voice social media announced during [June 1st event](#)
- [EOSIO 1.8](#) released in June with consensus enhancements that improve user experience
- [LiquidLink](#) announced in August, bridging EOS and Ethereum main networks
- Since October, multiple [EOSIO 2.0](#) candidates have been released with significant performance and security improvements
- Block.one announced an important [settlement](#) with the SEC in October
- In November, Block.one pledged to [increase its involvement](#) in EOS governance
- December brought the much-anticipated [Voice beta](#) announcement, slated for February 14th, 2020

However, new problems arose in the resource model, and existing governance issues intensified. The following pro/con analysis highlights mixed results for 2019.

PRO

- [Block.one](#) remains committed to EOS mainnet with [promises](#) of increased participation in its governance
- Garnering over [$4B](#) during its ICO, Block.one works from a strong financial position that provides a long runway for multiple attempts at achieving mass adoption
- Block.one uses an [iterative implementation strategy](#) with EOS as the testbed, a trial-by-fire approach that uses real-world feedback and refinement to attain mass adoption
- Favorable SEC [settlement](#) and improved relations with regulators and other government entities improves prospects for both EOS and Voice

- Ongoing EOSIO [v1.8](), [v2]() and v3 enhancements increase scalability, security and mitigates EOS resource issues, many important steps toward enabling mass adoption
- [Voice]() adoption improves EOS prospects even if only a part of Voice actually runs on EOS

CON

- No actual participation by Block.one in EOS governance to-date
- Failed 1T30V governance has resulted in block production [plutocracy](); the network is now controlled by a cartel of Chinese exchanges and mining pools through vote buying, vote trading, running sock puppet producers, and usurping exchange customer tokens
- [Heavily concentrated]() token distribution amplifies governance problems
- Failed ownership resource model is being replaced by a [rental fee model]()
- [Resource exchange failure]() due to a broken price curve whenever demand rises suddenly, with low (peaked at 30%) REX participation resulting in a liquidity crunch, long queues delaying exchange exit, and a low APR that discourages lending
- Perpetual network congestion and recurring REX liquidity issues from spam coin mining
- Poor voter participation in [referendums]() where outcomes are ineffectual/unenforceable
- Block producer voting grew as the degree of [vote buying]() intensified
- Most of the EOS distribution remains off-chain on exchanges, not actively using EOS or participating in its governance
- The [June 1st event]() held by Block.one did not live up to pre-event build up
- [Michael Novogratz]() liquidated EOS investment entirely based on [Q3 2019 Galaxy Digital filing]()
- Anticipated applications like [Blankos]() have not been delivered this year, or are released on their own chain whenever they do eventually appear, [eosfinex]() for example
- [Voice beta]() is not being conducted on EOS, with no definitive timeline or stated plan for full or partial future deployment on EOS
- Most founding block producers that added much value to the ecosystem have been pushed out of the top-21 production slots; many have also been pushed out of stand-by paid positions by cartel sock puppets; some have [left the network]() altogether
- A growing number of applications are [leaving]() or leveraging other EOSIO networks, [Karma]() for example

ANALYSIS

There are several factors that will influence the future of EOS, including:

- The degree and effectiveness of Block.one participation in EOS to mitigate challenging governance problems

- The degree of integration that Voice and similar large applications will have with EOS plays a big part in determining the fate of the chain. How important will the role EOS plays in the Voice architecture be? It could play no role, a minimal role or a rather important "hub" role.

- Increasing scale to support mass user adoption is a key factor. Upcoming EOSIO v2 improvements deliver significantly higher transaction throughput; v3 will follow and likely include whatever Inter-Blockchain Communication (IBC) implementation Block.one eventually delivers.

- Delivering the holy grail that EOS seeks: the ability to onboard a massive number of users while concealing blockchain mechanics from them. Users shouldn't have to (and won't) deal with accounts, keys, transactions, resources, wallets or explorers; they expect a seamless experience with no exposure to blockchain mechanics; their experience cannot be any more intrusive than the status quo. To ensure success, applications like Voice need to somehow express the advantages of blockchain without subjecting users to its internals. Block.one is closer to achieving this than any other platform out there.

- Growing developer adoption and improving perception: Block.one and others (especially LiquidApps and dfuse) must continue to provide and improve tools and libraries needed to ease developer adoption and increase their productivity. Most developers in the world have zero time invested in any blockchain, let alone EOS. Awareness and training must increase to build a much larger pool of developers. There is considerable negativity within the crypto community as well, mainly from POW advocates that have no tolerance for DPOS chains like EOS. It remains to be seen if there's enough progress being made in the EOSIO ecosystem to overcome negative perceptions and bootstrap enough developers to reach a tipping point, when enough applications are launched that attract enough user interest to establish self-sustaining, profitable business, creating a snowball effect that brings in a flood of developers and many more applications.

- End-user awareness, or the lack thereof, will also influence the chain's fate. Issues related to governance and resource management may very well be overlooked by a majority of users who may consider them to be non-factors, perhaps not even being aware of them at all. If Block.one and other developers deliver a seamless user onboarding experience in applications like Voice, if they can successfully conceal chain mechanics from users, then a case can be made that issues related to chain operation won't affect user adoption or negatively impact its ultimate success, since most users will simply not be aware of such problems.

- EOS remains tied to movements in the general crypto marketplace which continues to mirror Bitcoin. Regardless of changes within the EOS ecosystem, EOS remains heavily affected by overall bull/bear market cycles and the fate of Bitcoin. Besides factors within the EOS ecosystem, the chain finds itself exposed and tied to the same general bearish sentiment that exists across the crypto market, a malaise that isn't focused solely on EOS. Besides a brief rise leading up to the Block.one June 1st event, the token price has remained flat; the price at year-end matches prices in January.

CONCLUSION

The ultimate fate of crypto in general, the EOSIO open source blockchain software, and the EOS main network in particular are yet to be determined. Comparing EOS with Internet history, the chain finds itself in the early Netscape phase. Will EOS share the same fate Netscape suffered, or will it become the cornerstone of a thriving blockchain ecosystem? What transpires during 2020 will make forming a more definitive conclusion easier in the next year-end review.