

Support for *'Decentralized Society: Finding Web3's Soul'*

with

Recommendations for Adopting Purpose-Built Decentralized Digital Identity Infrastructure

or,

*The NFT as [Maslow's Hammer](#)*¹ (ref. Wikipedia article section 2.12)

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Introduction

Decentralized computing, storage, currencies, governance, identity, and other projects are creating opportunities for new economies and social structures globally. This paper encourages support for certain open-source technical standards and governance related to decentralized digital identity credentials which has been carefully developed during the past ten years by experts from around the world. That work produced W3C standards, infrastructure, and governance for trusted, privacy respecting, cryptographically verifiable digital identity credentials that are production-ready for web3.

1. Reinventing the Wheel?

The deservedly esteemed authors of "[Decentralized Society: Finding Web3's Soul](#)" (E. Glen Weyl, Puja Ohlhaber, Vitalik Buterin) have delivered excellent work to elevate the vision of web3 participants beyond money and wealth. Their paper provides guidance toward achieving healthier and more sustainable decentralize finance, commerce, society, and government utilizing web3 ecosystems. However, a statement in the Introduction section indicating there is a "lack of web3 identity" merits constructive feedback, particularly given their proposal for a new digital identity credential concept they termed "Soulbound Tokens". In fact, robust decentralized digital identity infrastructure exists, and does not need to be reinvented.

¹ The concept of Maslow's Hammer is popularly recognized via the phrase, 'If all you have is a hammer, everything looks like a nail.'

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This response paper explains that expertly developed, deeply vetted, globally critiqued, extensively optimized, and privacy respecting *decentralized digital identity* credential technology and governance is in use today with a thriving developer and user community. Digital identity primitives established as trusted international standards are available and operational across hundreds of development and production use-cases by respected governments, companies, and individuals globally. Artifacts such as NFTs, which have tremendously valuable utility as digital assets (and beyond), need not and should not be repurposed as imperfect identity credential tools.

Purpose-built decentralized digital identity tools necessary to represent the “Soul³” of Web3 participants *already exist*. Infrastructure, in the form of [W3C](#) Decentralized Identifiers ([DIDs](#)) and Verifiable Credentials ([VCs](#)), a variety of decentralized digital identity ledgers⁴, and digital identity governance frameworks⁵, is in place and being utilized by trustworthy organizations around the world.

2. Decentralized Digital Identity Awareness

An obvious question following the above statements is, if this infrastructure is so developed and deployed, why is it not well known to those the “crypto-verse” who are starting to seek digital identity solutions? Just as the web3 cryptocurrency-camp often have their collective heads in the weeds of economic value (i.e. cryptocurrencies, DeFi, etc.), the digital-identity-camp shares equal distinguishment of being focused on identity credential use-cases. Thus, both camps have been very busy delivering revolutionary technology, and the extent of decentralized digital identity development success has not yet benefitted from mainstream media hype that has driven awareness of cryptocurrency development.

Nevertheless, time has come to join forces and bring the expertise, passion, and technology of the cryptocurrency and digital identity camps together to deliver a result where 1 + 1 will be much greater than 2.

These two camps (i.e. [decentralized digital currency](#) and [decentralized digital identity](#)) have advanced in parallel with thought leaders who share similar philosophies on the importance of decentralized systems. Core tools championed by these two camps are natural compliments to achieving goals of:

- (1) inclusive decentralized governance,
- (2) equitable economics for individual participants of digital economies, and
- (3) healthy, privacy protecting social ecosystems.

In fact, these core tools are not just compliments. They are jointly necessary *foundational building blocks* for trusted, privacy respecting, and robust digital ecosystems. The excellent results and momentum of the decentralized digital identity space should not be overlooked, or set aside, in favor of a conceptual instrument from the cryptocurrency space which may be sub-optimal for digital identity. Such result would be the epitome of:

³ *Finding Web3’s Soul* uses the term “soul” as nomenclature to indicate identity aspects of individual humans.

⁴ Decentralized digital identity ledgers (aka blockchains) include: [Sovrin](#), [Indicio](#), [iDunion](#), etc. Additionally, multipurpose ledgers such as the [Polygon](#) ecosystem are well-positioned to support digital identity primitives.

⁵ Readers can find excellent digital identity governance examples at the [Sovrin Foundation](#) and [Trust Over IP Foundation](#).

- a) forcing square pegs,
(i.e. NFTs, as Soulbound Tokens, reworked as non-transferable identity tokens)
- b) into round holes,
(i.e. decentralized digital identity credential use cases),
- c) while ignoring purpose-built round pegs expertly crafted exactly for those round holes
(i.e. W3C DIDs and VCs).

NOTE: The author of this paper greatly respects the visionary thinking and successes of those who coined the term Soulbound Tokens, and no negative inference is intended with the above analogy. This response paper seeks only to offer positive insights and options to promote development of healthy decentralized digital ecosystems.

3. Leveraging Acceptance by Key Identity Providers

It is important that the entire web3 community recognize and leverage rapidly growing acceptance and adoption of decentralized identity, in the form of W3C DIDs, VCs, and principles of SSI ([Self-Sovereign Identity](#)), by respected national governments who seek to deploy privacy respecting digital identity infrastructure. The fact that many governments have accepted DIDs and VCs as core primitives of their digital identity implementations is tremendously valuable, because these institutions will continue to be issuers of highly valuable identity credentials for individuals and organizations. This result is the strongest tailwind anyone could hope for to promote rapid adoption of decentralized digital identity across all sections of society (including web3 ecosystems).

4. Accelerating DeSoc with DIDs and VCs

Decentralized societies (named “**DeSoc**” in the *Finding Web3’s Soul* paper) should absorb and enjoy all benefits of success that have been achieved by DIDs and VCs during the last several years. This success is evidenced in the form of broad government and private sector support for W3C DID and VC standards, along with the [Principles of SSI](#) which have been woven into a variety of digital identity governance frameworks and emergent regulations.

One might ask, “where is the evidence that this digital identity infrastructure is broadly accepted?” A small portion of adoption examples are highlighted below, where each of these instances utilize DIDs and VCs:

- a. The UK NHS roles out [digital staff passport](#) in the health care sector,
- b. [IDunion](#) supports German government and private businesses to move toward privacy respecting digital identity credentials for individuals,
- c. The EU will deliver digital identity for citizens with [eIDAS](#) (electronic Identification, Authentication and Trust Services)
- d. Several provinces in Canada, including [Ontario](#), are actively developing and deploying digital identity for citizens.

- e. [Foundational work to create DID and VC technology was funded by the US Department of Homeland Security \(the “DHS”\)](#), and many US companies are driving business cases based on DIDs, VCs and SSI. Additionally, [DHS Silicon Valley Innovation Program](#) leadership has presented concrete interest to issue US permanent resident cards (aka “Green Cards”) as digital credentials based on DID and VC standards.

5. Building the Future on a Foundation of Recent Success

Efforts to reinvent decentralized digital identity credential primitives and governance would require repeating a very long process of gaining acceptance by governments, private organizations, and standards bodies. Such success has already been achieved with DIDs and VCs due to the hard work and dedication of passionate experts from around the world. Unifying support for decentralized digital identity infrastructure (DIDs and VCs) can fast-track implementation of robust digital identity across the web3 space.

Proven, accepted, interoperable, and privacy respecting decentralized digital identity is ready to deploy in any web3 environment today – using tools explicitly designed for web3 infrastructure. Thought leaders and communities are encouraged to join together and implement decentralized digital identity for all web3 ecosystems utilizing DIDs and VCs.