

## La'Zooz: The Decentralized, Crypto-Alternative to Uber

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By [Nathan Schneider](#)

Monday

What makes a lot of people uncomfortable about a phenomenon like Uber, when you get right down to it, is how it is [owned](#). As in other mega-Internet companies, a small number of owners poised to take over a global industry—in this case, the taxi industry with ownership currently spread out among local drivers and operators. In response to Uber's rise, there has been a flurry of proposals for [driver-owned alternatives](#). But what if the real Uber-killer were owned by nobody?

Meet [La'Zooz](#), a project that began in Israel but belongs to nowhere. Like Uber, Lyft or Sidecar, it's an attempt to implement real-time ridesharing, but without the company. Using the same technology underlying the virtual currency Bitcoin—a distributed online ledger, or “blockchain”—the La'Zooz network would exist on the phones and computers of its community of users, rather than any central server. Rather than Bitcoin's “[proof of work](#)” method of generating new tokens, which requires enormous computational power, La'Zooz generates new tokens—called “zooz”—with “proof of movement.” Basically, turn on your La'Zooz-enabled phone and drive. As you drive, you earn zooz tokens. Then, when you want a ride from someone else in the community, you can pay in zooz.

So far, La'Zooz is still a work in progress. Nobody has gotten a ride yet with it, though [an Android app](#) is available for those who want to start earning zooz by driving and bringing friends on to the network, for instance, by inviting them to download the app.

internet. But to make that happen, the infrastructure has to happen, too.

**Nathan Schneider: Let's begin by talking about where this all came from. How did La'Zooz get started, and how has it developed?**

Shay Zluf: Sometimes things come to several people at around the same time. I became interested in real-time ridesharing when I was stuck in a traffic jam. And the same happened to Matan. I tried to make this idea a reality a few years ago, but back then people didn't think it could happen. The evolution of social networks and the sharing economy has since changed people's minds.

Matan Field: When we met each other and started talking with others, there was immediate positive feedback. It was completely clear that this was something that needed to happen. Initially we just talked about ridesharing, but from day one we knew that we weren't just speaking about ridesharing. We would try to build a model of participation. Then we stepped into the Bitcoin space, and learned about decentralized organizations, and found out that the ideas we were abstractly thinking about had been born and raised on another side of the planet. Ridesharing was just the excuse. There's a whole movement that's going on—a movement for building the future of society, the future of organizations.

**And is that where cryptocurrency comes in? Is that an essential part of making real-time ridesharing possible, or is it more of an add-on that you happen to be interested in?**

MF: From the beginning, irrespective of the obstacle in ridesharing, we wanted to do things differently in terms of our own operations. But when we began to understand the difficulty of establishing enough of a critical mass of users to have a working system, we found that doing things differently could be a solution to that problem.

Making this a community project is not just a bonus or a nice thing—it's what will overcome what caused others to fail. With blockchain technology, power is automatically distributed to the whole community. To raise a critical mass of participation, you can invent a token, then distribute that token to whoever contributes. They can be developers, founders, purchasers, or even early adopters. In that way there is an incentive for early participation. Then, as soon as the thing that you are trying to build is operational, there is a critical mass of participants ready to use that same token in the system. In our case, riders will share the cost of a drive with zooz tokens.

**So this is how you're financing the project right now? Is it being financed in some other way as well?**

MF: At first we remunerated ourselves with zooz tokens according to a community decision. But since zooz didn't have a market, we had to rely on our day-jobs and savings. We generated a market by selling some of our zooz tokens in a pre-sale three months ago, and there will be another presale as well. In the process, we are building a new model of full-scale decentralization, where any sort of contribution can be evaluated and price-tagged by the community in a decentralized manner.

heard about us. Now we're opening a more official pre-sale round this week, still not fully public—not announced in general media, at least. But we are telling everyone who has ever contacted us about it, and we announced it at [Bitcoinference 2015 last week](#). There is [a web interface dedicated to the sale](#), which will open on Wednesday, January 28. It will stay open for one week, allowing purchases of zooz with bitcoin or wire transfer up to total of \$200,000. These funds will be used to support development until the opening of the crowd sale sometime in the near future. The rate for this pre-sale is a 12 percent discount from the what we call the "zooz peg rate," which we expect to be the opening rate at the crowd sale.

**How much adoption have you seen, and is it actually working? Is it possible to get a ride with zooz tokens?**

SZ: The application that is out right now is for zooz mining. People are being rewarded with tokens when their phones send their location data and help to create the network. When the network reaches a certain critical mass, the ridesharing application will become operational. We learn a lot from our beta users—about 1,000 beta users. You can see their distribution around the world on our website.

**In the context of a region where, for instance, the West Bank has separate roads for Israelis and for Palestinians, does this kind of technology create opportunities for new kinds of connections?**

MF: For the problem you mention, I don't think so because it's controlled by the government, by the army. But I do truly believe that this kind of technology will lead to solutions and to peace because it will connect similarly minded people without relation to their geography.

SZ: People are much more interested in building bridges than governments, which have their own agendas.

**How does your platform help facilitate the building of trust where it doesn't already exist?**

SZ: Part of the system will be a social matching algorithm, which will identify people's similarities and dissimilarities from very esoteric data on the network—for instance, Facebook data. For security, also, we've thought of having an alert button connected to the application. Since the system is community-based, people driving nearby can respond to an alert if someone finds themselves in a situation that is not wanted.

**That makes me curious about what kind of privacy protections there are. If mining takes place through movement and through transmitting location, then that location data would go on to a public blockchain—isn't that right?**

MF: Here, we need to distinguish two stages. Right now, everything is in testing, so the data is going to our servers. We are not looking at it for any reason. But eventually all this

most private scenario, actually, because all information will sit on a cryptographic blockchain, which means that nobody—including us—will be able to access the information. Whenever a rider and a driver are matched, only the part of the information that is necessary and public will be available between them.

**So, the network will know everything, but people will only be able to access select parts of it. Have you run into any legal obstacles in developing this platform? Do you foresee any challenges with regulators?**

MF: Above all, we are building infrastructures for multiple applications, not just ridesharing. We are building economic protocols, distributional protocols, decentralized reward mechanisms, and more. Included in that is also the legal structure. We have worked for almost six months on the structure that will enable us to function without any special regulation.

**But you're not forming a traditional corporate shell?**

MF: The point here is that we have a model for full-scale decentralized operation. Many, many companies are talking about decentralization but not acting on it. They are building decentralized applications, but they are building them in a centralized way. Until the technology is mature, we are holding it in a centralized way as well, with a company that we just established. This company will have a legal structure that binds it to follow the rules of the protocol. Of course that's not the ideal solution, but it's a middle step before we reach full decentralization.

**What are you expecting to see in the near future?**

MF: We've been working for 15 months, and we have developed a lot of the protocols, a lot of the crypto-token technology, and what we call "vending machines" that implement these protocols. We've developed the beta version of the zooz-mining Android app that people can drive with in the background and collect zooz tokens. We still need to develop the app in iOS. We'll soon develop the ride-sharing app. We will open the whole protocol probably around mid-February. From that day on, the protocol, the issuance, the distribution and the decision-making will be active. People will be able to start purchasing zooz tokens. At the same time, we are in touch with venture capitalists and private investors who want to inject funds into the project. Just as Shay and I are participants, companies can participate, contribute, and be rewarded with zooz tokens.

We haven't pushed to expand the community of users because we don't want to reach the critical mass before we have ridesharing all worked out. Yet without any marketing effort, the community of users is constantly growing. After three months of operation there are already more than 1,000 users. Gradually, we are also building the generic, decentralized platform. You can think of transportation as a test case where we develop these ideas and test them on the community. Then we will bring them to full scale, replacing all known industries one by one. Within five or six months, at least, we hope to have a working, real-time ridesharing service with a critical mass somewhere.



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