

*Welcome to Morgan Creek Digital's weekly digital asset update. It is comprised of a thought piece from our team followed by a summary of what we consider the most compelling digital asset news during the last week. We hope you find this content interesting. Please let us know if you have any comments or questions or if you would like to speak to a member of the [Morgan Creek Digital team](#).*



## **Could Open Source Tools Guide the Training of AI Models?**

### **Artificial Intelligence and Biases**

Artificial intelligence (AI) manifests itself in many forms, including, but not limited to, machine learning, computer vision, and natural language processing. Still, for all the promising and bona fide applications, the success of AI is intrinsically linked to its trainability or its capacity to take inordinate amounts of data and emulate intelligent human thoughts and behaviors. Further, high-quality, accurate, and representative data are needed to train algorithms and machine learning. In addition, uniform standards to evaluate the impartiality of these algorithms may prevent potential implicit biases, rooted in its creators' unconsciousness, from becoming hardcoded into our AI programs.

The consequences of not proactively defending against AI biases can become costlier

and more harmful to all stakeholders. A 2018 Gartner report predicted that through 2030, 85% of AI projects will provide false results caused by bias that has been built into the data or the algorithms.<sup>1</sup> Incomplete data itself produces biases, and while larger sample sizes can help reduce the margin of error, the volume of data is relatively unimportant if the information is skewed toward a particular sample or unrepresentative of an entire population. Therefore, the quality of data is critical to maximizing the effectiveness of AI. AI engineers should avoid latent biases and assumptions influencing data sets, which could result from the encoding of limited demographic-specific data. To achieve this, organizations could leverage effective frameworks and processes for recognizing and actively combatting AI bias. We believe open source tools could assist in testing AI applications and mitigating specific biases or gaps in the data.

## **Blockchain and AI Potential Applications**

One potential real-world application for implementing blockchain technology in AI models, suggested by the European Parliamentary Research Service, is the reality in which AI companies gather reliable data sets from their originators through decentralized networks.<sup>2</sup> In this case, users could play an integral role in data aggregation. For example, self-sovereign data or self-sovereign identities (SSI) could serve as a model for addressing the AI challenges surrounding the management and aggregation of personal data. As described by IBM, a SSI solution “uses a distributed ledger to establish immutable records of lifecycle events for globally unique decentralized identifiers (DIDs).”<sup>3</sup> A verifiable credential is then cryptographically shared between peers within the network and the recipient of a verifiable credential. The associated DID would allow the network to validate the data in a peer-to-peer connection.<sup>4</sup>

Companies currently use a SSI solution for background check processes on the blockchain, where the data is owned by the person being screened. It is not difficult to imagine how AI algorithms could further implement this same process to raise training quality. In this example, the background check data itself would be approved by the person with whom the information is associated. In a broader sense, SSI models could allow for a more representative proportion of the population (such as different socio-economic strata or ethnicities) to be incorporated into labeled data used to train the algorithms. The integration could redefine AI governance as a diverse set of users could lead the auditing, analyzing, and diversifying of datasets and remove erroneous data that produce false negatives.

## **THE RUNDOWN:**

**Kickstarter Switching to Crowdfunding via Blockchain:** Kickstarter announces some big changes to the foundations of its technology. The company said Wednesday that it will support the development of “an open-source protocol that will essentially create a decentralized version of Kickstarter’s core functionality.” [Read more.](#)

**Libra Creator David Marcus Says He’s Leaving Facebook at Year’s End:** David Marcus is leaving Facebook (now Meta) with the company’s Libra (now Diem) stablecoin yet to be fully launched. He said Tuesday on Twitter he was stepping down as Meta’s crypto lead and leaving the company, suggesting he’d return to his “entrepreneurial” roots. Marcus leaves the Diem project, first announced in June 2019,

as it continues to face stiff regulatory headwinds. [Read more.](#)

**A16z Leads \$28M Round for Privacy Coin Iron Fish:** Iron Fish, a decentralized blockchain network that aims to create a cryptocurrency as private as cash, has raised \$27.7 million in a Series A round led by Andreessen Horowitz (a16z) ahead of the network’s Dec. 1 testnet launch. “While a number of Web 3 teams are now building developer-oriented privacy tools for blockchains, there’s also a need for mainstream privacy solutions that are accessible for everyday users,” wrote a16z general partner Ali Yahya, deal analyst Elena Burger and crypto partner Guy Wuollet in a blog post. [Read more.](#)

**Five Things to Know About Twitter’s New CEO Parag Agrawal:** Twitter’s co-founder and long-serving CEO, Jack Dorsey, handed the reins to former Chief Technology Officer Parag Agrawal on Monday. Here are five things to know about the new leader of one of the world’s biggest tech companies. [Read more.](#)

**Borderless Capital Launches \$500M Algorand-Focused Fund:** Borderless Capital is launching a \$500 million ALGO Fund II to help develop projects built on the Algorand blockchain. The company announced on Tuesday the fund will invest in “digital assets powering the next generation of decentralized applications on top of the Algorand blockchain network,” including projects “to disrupt the creators economy with [non-fungible tokens] and initiatives that can increase capital in the ALGO [decentralized finance] ecosystem through liquidity mining, lending, borrowing and yield farming,” the company said in the press release. [Read more.](#)

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<sup>1</sup><https://www.gartner.com/en/newsroom/press-releases/2018-02-13-gartner-says-nearly-half-of-cios-are-planning-to-deploy-artificial-intelligence>

<sup>2</sup><https://epthinktank.eu/2020/12/26/what-if-blockchain-could-guarantee-ethical-ai/>

<sup>3</sup><https://www.ibm.com/blogs/blockchain/2018/06/self-sovereign-identity-why-blockchain/>

<sup>4</sup>Ibid.

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