

# Conviction Markets

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A New Primitive for the Agentic Era

@chatzidimi · @jamie247 · @aronvanammers · @0xRak

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An open, permissionless protocol for the agentic era.

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## Everything Has Changed. Except How We Finance It.

Right now, someone is building a product with an AI agent that would have taken a team of ten and eighteen months two years ago. They are doing it in days. Alone. Or with other agents. They are not thinking about incorporation, cap tables, or pitch decks. They are pointing at problems and seeing what sticks. This is happening everywhere, all at once. The cost of innovation has effectively collapsed.

And yet the model for financing it is stuck in the 2000s.

We are still operating on startup theory built for a different era — an era of scarce product creation, durable competitive moats, and decade-long bets on singular teams. Peter Thiel's Zero to One framework — find a secret, build a monopoly, raise venture capital, scale — was designed for a world where building was hard and the bottleneck was execution. That world is over. The bottleneck now is not building. It is coordination. Who decides what gets built? Who funds the early, uncertain, non-obvious work? And how do you gain exposure to multiple systems being built in parallel?

The venture capital model has no answer. When a VC backs a startup, they are simultaneously betting on three assumptions: that the problem is real and valuable, that the proposed solution is right, and that this particular team is the one to deliver it. All three may be wrong — and they are funded in parallel, by multiple VCs, backing multiple startups, making the same flawed assumptions against each other. This is why nine in ten startups still fail.

That means nine in ten venture investments are lost to time, taking with them years of founder effort, contributor work, and accumulated knowledge. Code disappears. Insights disappear. Teams dissolve. Every failed startup is not just a financial loss — it is a coordination loss. The knowledge of what was tried, what worked, and what didn't evaporates with the entity that held it. And yet the next wave of founders will repeat the same cycle, making the same assumptions, validated by the same broken model.

What makes this urgent is that the agent era does not wait. Solo founders and small teams are already spinning up products and services at a pace and scale that renders classic startup theory obsolete. Sure they can fail quicker but they are still guessing. They are still building things people may not want, solving problems that may not exist, or at least not at the scale assumed. Everything about creating digital products and services has changed. Nothing about how we validate and finance what gets created has.

A decade of innovation in open internet protocols — blockchain, smart contracts, programmable capital — built the infrastructure to fix this. Not as a 'crypto' story. As a coordination story. These tools, intentionally repurposed around different principles, that directly limit the speculative aspects, can provide what venture capital has always needed but never had: a way to start from the problem, place capital on solving it, and coordinate whoever is best placed to contribute — without requiring a startup, a legal entity, or a decade-long bet on a single team.

Shifting from prediction to conviction.

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## The 'Zero to Many' Era

For two years, Outlier Ventures has been developing a thesis we call the Post Web. It begins with a simple observation: we are not building a new version of the Web for people. We are rebuilding the very foundations of an internet made for machines.

The consumer-facing web as we know it — the page, the app, the interface — is being replaced. AI agents don't browse. They execute. They don't read content; they query intent. The human sitting behind a screen, clicking through funnels and filling forms, is being abstracted away. In their place: autonomous systems that act on delegation, negotiate with other agents, and settle outcomes on-chain. People don't want apps anymore. They want a thin, context-specific surface that lets them do one thing, quickly and intentionally — and increasingly, they'll delegate even that to agents.

This shift marks the end of the Zero to One. We are entering the Zero to Many era. A single founder can vibe code a functional product in a day. The same founder can be working on ten things in parallel, pointing agents at problems, seeing which ones stick. We hear this constantly from founders right now: *"I've got ten things. Which is your main one? I don't have a main one — I've got ten things."* Venture capital has no answer for that. It was built for the founder who commits to one thing for ten years. That founder is becoming the exception.

What replaces them is a founder gig economy. Individuals — and increasingly, agents — move fluidly across problem stacks, contributing early when the risk is highest, earning stakes proportional to that risk, and exiting when the work is done or when something more interesting appears. The unit of organisation is no longer the startup — it is the **problem stack**: a defined set of challenges that need a stack of solutions, composed permissionlessly by whoever is best placed to contribute.

There is no primitive for funding this era — one where the outcome is uncertain, contributors are fluid, and the measure of success is not a price on a chart but a problem genuinely solved.

Until now.

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## What Conviction Actually Means

Before we describe the mechanism, we need to be precise about what we mean by conviction — because it has been systematically devalued in crypto.

### CONVICTION IS NOT PREDICTION

Prediction is a bet on an outcome. You identify a likely future, stake a position, and wait to be proven right. The act itself changes nothing about whether that future arrives. Your capital is inert until the market resolves. And critically: you own nothing. You simply win or lose.

### CONVICTION IS SOMETHING CATEGORICALLY DIFFERENT

It is a committed belief that a problem matters enough to act on — not just to profit from its resolution, but to work toward it and own a share of what gets built.

### Conviction has duration. It compounds.

The longer you hold it, the more you have put at stake — not just financially, but reputationally, intellectually, operationally.

The most important implication of this distinction is that conviction is productive. When participants commit with conviction, they don't just signal — they coordinate. They attract other committed participants. They generate information that is genuinely useful: not just "will this happen?" but "who believes in this enough to fund it, work on it, and stay?"

The mechanisms we have built so far — prediction markets, token launches, DAO votes — are all optimised for prediction. They are point-in-time bets. They reward speed, size, and information advantage. They do not reward sustained commitment. They do not distinguish between someone who has been building toward a problem for two years and someone who bought a position twenty minutes ago.

A new primitive requires a new mechanism. One where time is a first-class variable. Where commitment strengthens rather than decays. Where the act of believing — and staying — matters as much as being right. And where, when a problem is solved, you don't just collect a payout.

### You own something.

This does not exclude capital. Sponsors who commit early, absorb uncertainty, and stay committed earn ownership proportionate to that commitment. What the protocol excludes is passive capital — capital that arrives after the risk has passed and the work is done. Ownership in a Conviction Market is not allocated. It is earned.

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## Introducing Conviction Markets

*In a Conviction Market, you don't bet on what will happen – you fund what should be built, and you own a share of what gets built.*

This single sentence is what separates Conviction Markets from every existing on-chain mechanism. It is not a subtle distinction. It is a categorical one.

A Conviction Market inverts this model entirely. Instead of waiting for founders to pitch a problem, a solution, and a team – and betting on all three assumptions at once – it starts with the problem. Capital is placed on the problem being worth solving. Contributors are attracted to solve it based on skills and risk appetite. And the need for a single startup to validate, own, and execute the entire solution over a decade is removed. The market coordinates around the problem. The problem outlives any single contributor or team.

A Conviction Market is a new on-chain primitive for coordinating capital, attention, and labour – human and agentic – around problems that matter. Curators identify and frame the problems. Sponsors commit the capital to fund them. Contributors build the solutions. Capital unlocks progressively against demonstrated milestones. And everyone who participates with genuine commitment receives ownership – not a payout, not a prediction resolution, but a stake in the system they helped bring into existence.

Conviction markets are not a platform or a company. They are open, permissionless infrastructure – a protocol that anyone can build on, fork, or deploy.

### MULTI-DIMENSIONAL CONVICTION

The core mechanism is built around **multi-dimensional conviction**. When a participant commits to a problem in a Conviction Market, their signal is not static. It compounds across three dimensions: time, capital, and demonstrated contribution. A contributor who has been committed for thirty days, locked resources, and shipped verifiable work carries more weight – and earns more – than one who arrived yesterday or who has been passive. This is not just a design choice; it is the mathematical expression of what conviction actually means. Showing up early, staying, and adding real value is the scarcest input in any system-building process. The mechanism rewards all three, together.

### THE PARTICIPATION TOKEN

The ownership instrument is the **Participation Token**. When capital is deployed from a Conviction Market to fund a builder, that deployment is not a grant and it is not a loan. It is an exchange: commitment for a stake in the solution being built. The Participation Token represents that stake. It is not a speculative asset or a governance token in the traditional sense – it is a record of your participation in a conviction market outcome, weighted by the timing and magnitude of your commitment. The earlier you enter and the greater the uncertainty you absorb, the higher your participation weight – but early entry alone is not enough. Participation weight reflects continuous engagement: showing up, contributing, and adding value over time. Sustained contributors compound their weight; those who disengage do not. Tokens are distributed as milestones are reached, proportional to when participants committed, how much risk they took on, and how consistently they contributed throughout. This is the mechanism by which Conviction Markets replace both extractive token launches and opaque VC rounds: ownership flows to those who funded and built earliest, in proportion to their conviction and contribution.

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## The Architecture: Two Layers, Emergent Roles

Conviction Markets are built across two distinct layers. This separation is deliberate — and it resolves one of the deepest design failures of existing on-chain mechanisms.

### THE PRODUCTIVE LAYER

The productive layer is where conviction lives. It is where problems are defined, capital is committed, and solutions are built. Several core roles emerge naturally from how people engage with the system — and as the primitive matures, new roles will likely crystallise. The ones we identify today are:

- **Curators** identify and frame problems worth solving. A Curator stakes their reputation — and potentially capital — on a problem being real, important, and solvable. The Curator role is deliberately broad: it can be played in two distinct ways. An investor or organisation may act as Curator by issuing a Call for Contributors and Sponsors — defining a problem they want solved and signalling to the ecosystem that they are prepared to back it. A founder, researcher, builder, or customer who lives with a problem daily may act as Curator by pitching an entirely new problem stack — bringing their domain insight and credibility to surface a challenge worth the ecosystem's attention and capital. In both cases, what the Curator provides is judgment: the signal that a problem stack is worth coordinating around. Curation is a scarce and valuable act, and the protocol rewards it. Crucially, the Curator role decouples two things that traditional VC always bundles together: the person with the deepest knowledge of a problem is rarely the same person with the most capital. Here, they don't need to be.
- **Sponsors** are the capital providers. A Sponsor — a protocol, a foundation, a company, an individual, or even a customer who simply needs a problem solved — backs a Curated problem with committed funds. Crucially, the Sponsor does not need to be a traditional investor. A corporate venture arm, an industry consortium, or any organisation that has a problem and wants a solution can act as Sponsor — co-investing alongside third-party capital to fund the work they actually need done. Sponsors may originate problem stacks themselves and act as both Curator and Sponsor, or they may back problems curated by others whose judgment they trust. Capital is committed in tranches, unlocking progressively as Contributors hit defined milestones. In exchange for their commitment, Sponsors receive Participation Token allocations — a stake in what gets built, weighted by the risk they took in backing an early, uncertain problem stack.

## THE PRODUCTIVE LAYER – CONTINUED

- **Contributors** are the builders: developers, researchers, designers, and agents – human or autonomous – who commit to working on problem stacks. The contributor layer is hybrid today: humans working alongside agents, with agents handling increasingly autonomous execution. The direction of travel is toward fully agentic contribution – where problem stacks are discovered, claimed, and completed without human intervention at every step. Contributors must stake a minimum conviction signal to claim a module of work. This is not a fee; it is skin in the game. It prevents spam, aligns incentives, and ensures the market's signals reflect genuine intent. Contributors who complete work and hit milestones unlock capital in tranches and receive Participation Tokens proportional to their commitment, timing, and delivery – the earlier and riskier the contribution, the greater the weight.
- **Verifiers** are the attestation layer. Capital unlocks against evidence. Verifiers assess whether submitted work meets the milestone criteria defined by Curators and Sponsors. In early iterations, verification will involve expert panels with domain credibility. Over time, as the protocol matures, verification becomes increasingly automated – a natural application of AI agents operating within structured evaluation frameworks.

## THE SPECULATIVE LAYER

The speculative layer exists to provide price discovery and liquidity – but its relationship to the productive layer is one of the most consequential design decisions in the system, and one we are deliberately leaving open.

The core tension is this: speculation is not inherently bad. It surfaces information, attracts attention, and provides exit liquidity for early participants. But when speculation and participation are collapsed into the same instrument – as they are in every existing on-chain mechanism – speculation inevitably dominates. The casino swallows the coordination layer.

The design challenge is to structurally separate genuine participation and ownership from purely speculative exposure, without eliminating speculation's useful properties. Two architectural approaches are in active consideration. The first cleanly separates the two into distinct layers – a productive layer where conviction, ownership, and milestone-based rewards live, and a speculative layer above it where participants can take positions on outcomes without being direct contributors. The second, inspired by work in bonding curve design, creates a unified market with a rising participation floor – representing the fundamental value of committed capital and demonstrated PMF – and a speculative premium above it that floats freely. In both cases, the principle is the same:

Speculation is a derivative of conviction, not a substitute for it.  
The mechanism design is open. The principle is not.

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## Why Now

The timing for Conviction Markets is not accidental. We are at the intersection of three forces that together create the conditions for a new primitive to take hold.

### 1. THE COLLAPSE OF THE COST OF CREATION

Vibe coding, AI-assisted development, and no-code tooling have made it possible for a single motivated person — or a small team, or an autonomous agent — to build functional systems in days that would have taken months two years ago. This is not a marginal improvement; it is a phase change. The bottleneck is no longer building — it is coordination. Who decides what gets built? Who funds the early, uncertain, non-obvious work? And how do you gain exposure to multiple systems being built in parallel? Conviction Markets are designed to answer that question.

### 2. THE FAILURE OF ON-CHAIN CAPITAL FORMATION

Token launches are broken. They have become instruments of extraction rather than coordination. The on-chain mechanisms that were supposed to route capital to the best ideas have, in practice, routed capital to the best marketers. There is no sign of a structural fix coming from within the current paradigm. The problem requires a new primitive, not an iteration of existing ones. But it is worth being precise: Conviction Markets are not fundamentally a crypto story. They are not technology in search of a problem. They are a response to a real coordination failure — built on a decade of open internet protocols that, when repurposed around different principles, provide the infrastructure that venture capital has always needed but never had.

### 3. THE EMERGENCE OF THE AGENTIC ECONOMY

As AI agents become capable of discovering, evaluating, and executing work on-chain, the market for human and machine labour becomes continuous. Conviction Markets are designed from the ground up to work with agents, not just humans — problem stacks can be created and resolved by autonomous participants, with verification and settlement handled programmatically. This is the infrastructure the Zero to Many era requires.

We are building the coordination layer for the economy that is already arriving.

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## The First Principles

We are releasing this paper as the opening move in a public process of building Conviction Markets into a deployable primitive. Our commitment to the design is built on six principles that we believe are non-negotiable.

- **Commitment over Prediction.** The protocol rewards participants who stay, not just those who arrive early. Time, capital, and contribution are not bugs — they are the mechanism. A signal that compounds over time is categorically different from a point-in-time bet.
- **Co-owner over Contractor.** Participants don't complete work and walk away with a fee. They earn a stake in what they help bring into existence — and stay aligned with its success. The goal is co-ownership, not compensation.
- **Problem Stacks over Products.** The unit of organisation is a problem worth solving, not a company, token, or product. Problems compound. They outlive any single team or hype cycle. Capital should route to outcomes, not entities.
- **Evidence over Claims.** Capital unlocks against verifiable milestones. The protocol does not reward intent; it rewards demonstrated progress toward defined outcomes. Conviction without delivery is just prediction.
- **Performance over Time-Vesting.** Ownership flows to those who deliver, not those who wait. The four-year cliff and the ICO raise-first model both allocate ownership before value is created. This protocol determines ownership after it is earned — by contribution, by risk taken, by sustained commitment.
- **Owned by Contributors, Not Passive Capital.** Capital can earn a stake — but only if it is active, committed, and takes risk alongside builders. Passive capital — capital that arrives after the work is done and the risk has passed — does not earn ownership. This is the closing argument. It is also the opening one.

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## What Comes Next: The Primitives

This paper introduces the vision and the principles. The next step is building the protocol — and we are not building it alone.

This week, Outlier Ventures is launching the first Conviction Market: a call for contributors and sponsors to help design, build, and fund the core primitives that the Conviction Markets protocol requires. Each primitive is a module — self-contained, composable, and open to contribution. Together they form the full stack.

### THE PRIMITIVES WE HAVE IDENTIFIED AS FOUNDATIONAL — BUT NOT LIMITED TO — ARE:

- **Capital module.** The funding mechanism at the core of every conviction market. How capital is committed, how it reflects growing conviction and product-market fit over time, and how the system separates long-term fundamental value from speculative exposure.
- **Reputation module.** How participants build, signal, and stake their credibility in the system. This includes conviction scoring, on-chain completion history, and the slashing mechanics that make reputation meaningful. Conviction can be expressed through capital, through work, or through both — and the reputation module must reflect that.
- **Verification and governance module.** How the system decides what to build next and whether work has been completed to standard. This includes the decision market mechanisms for milestone approval and work validation — the accountability layer that keeps the productive layer honest.
- **Market creation module.** The full lifecycle of a conviction market: how problems are proposed, how parameters are set, how contributors onboard, and how the market progresses from bootstrap through active coordination to revenue flywheel. This is the process layer that holds everything together.
- **Interface module.** How humans and agents interact with conviction markets. As the contributor layer becomes increasingly agentic, the interface module defines how agents receive context, interpret intent, and act on behalf of participants — making conviction markets accessible to both human and autonomous actors.

Each of these primitives will be the subject of a dedicated follow-on paper, a funded problem stack, and an open call for contributors and sponsors. The design is not finished. That is the point. We are building this in public, and the people who contribute earliest will carry the most conviction — and earn the most from what gets built.

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## What We're Building – And Who We Want

Outlier Ventures is seeding the first primitives of an open protocol – Conviction Markets – now, opening the system to early builders who want to contribute to the mechanism design, the tooling, and the protocol architecture. The full on-chain implementation follows. We are building this in the open, and the first version will be deliberately simple: the right primitive, not the complete system.

**One thing we want to be explicit about: we are not building this to own or control it. Conviction Markets will be open source, permissionless, and forkable.** Anyone can take the primitives, fork the code, and deploy their own version. That is not a concession – it is the point. Systems that coordinate the Zero to Many era cannot be owned by any single entity. They have to be infrastructure.

Our role is that of a power user and early sponsor. We are funding this because we need it to exist – so we can deploy capital into problem stacks, back the early contributors who take the most risk, and invest in the systems that matter. We want other VCs, protocols, and foundations to use it too. The more conviction flows through the system, the better it works for everyone.

### WE ARE LOOKING FOR THREE KINDS OF EARLY PARTICIPANTS

- **Early Sponsors** – protocols, foundations, and organisations that have real problems they want solved and are prepared to commit capital to fund the first problem stacks. If you have been searching for a better mechanism than grants or bounties – one where your capital creates ownership rather than just activity – we want to talk to you.
- **Early Builders** – developers, researchers, designers, and teams who want to be the first Contributors in the system. If you believe in building things that matter and want to be compensated in a structure that gives you ownership of what you create, we want to work with you.
- **Early Collaborators** – thinkers, critics, mechanism designers, and communities who want to shape the primitive before it hardens. The design is not finished. The best version of this will be built in the open, with people who care about getting it right.

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The broken promise of the internet was never the technology. It was the mechanism. Prediction markets told us what people thought was likely. Conviction Markets will show us what people believe is worth building – and give them a way to prove it by funding it, building it, and owning a share of what they bring into existence.

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Outlier Ventures is a thesis-driven venture firm operating at the frontier of AI and crypto. We don't just back the systems we believe in – we fund them into existence, deploy capital into them, and use them ourselves. Conviction Markets is not a product we are launching. It is infrastructure we are funding because we believe it is the right way to invest in the agentic era. The Post Web thesis, of which Conviction Markets is a key component, has been in development since 2024. To get involved: [convictionmarkets.io](https://convictionmarkets.io) · [cm@outlierventures.io](mailto:cm@outlierventures.io)

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