ANOTHER PASSING CRAZE OR THE **NEW FRONTIER?**

WHAT ON EARTH IS AN **NFT?**

Pronounced "nifty", NFT stands for **non-fungible token**. It's a digital receipt of authenticity that is recorded, validated and stored on a blockchain network like Ethereum.

- The **owner** of an NFT owns the blockchain receipt, proving payment for an original digital file.
- The asset's **creator** retains intellectual and creative rights unless ownership is transferred to someone else.

ANYTHING DIGITAL CAN BE MINTED AND SOLD AS AN **NFT**

Drawings • Animation • Collectibles • Poems • Essays • Audio clips • Videos • Music • In-game items • Photos • Digital tickets for sports, music and other events • An electronic deed to property

SKYROCKETING SALES VOLUMES

$126
Average sale price of an NFT in December 2020

$864
Average sale price of an NFT in January 2021

NFT's have been around since **2012**

$30M
in sales in 2017

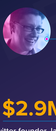
$180M+
in sales in 2018

$210M+
in sales in 2019

$250M
in sales in 2020

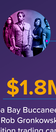
$2B+
in sales in Q1 2021

STAR-STUDDED TRANSACTIONS



$69M
Digital artist Beeple's JPG file at a Christie's auction - the third-highest price ever paid for a living artist

$2.9M
Twitter founder Jack Dorsey's first tweet



$2M+
Rock band Kings of Leon's newest album

$1.8M
Tampa Bay Buccaneers tight end Rob Gronkowski's limited-edition trading cards

$208K
An NBA video clip of a Lebron James "cosmic" dunk

SMART CONTRACTS AUTOMATE THE ROYALTY DISTRIBUTION PROCESS

Most NFTs are configured through **"smart contracts"** paying out royalties to the creator of the asset with every sale of the NFT

In the future, streaming customers could access movies or episodes embedded in **NFTs** through smart contracts that accept micro payments for limited views.

The global smart contract market is expected to reach **$208.3 million by 2025.**

POISED FOR CRITICAL MASS

Generating value from digital assets while creating **unique touchpoints** with audiences and fans is leading to new revenue streams, channel platforms and markets.

For the launch of *Krapopolis*, the first animated series curated entirely on blockchain, Fox is establishing a marketplace to curate and sell digital goods.

Set art from *Friends* was auctioned off in June 2021, with bidding starting at $100.

A digital collectible platform released a set of licensed 3D images from *The Godfather* and a collection of merchandise from *Godzilla vs. Kong*.

TO INFINITY AND BEYOND

- Will the rising popularity of NFTs create an uptick in business?
- How will the industry market digital collectibles, special editions and assets as NFTs while also protecting IP assets?
- Who will be at the forefront of new and creative NFT strategies?
- What underlying copyright, IP, legal, regulatory, security and tax considerations are associated with NFTs?

Read our blog for more "nifty" insights on NFTs.

READ BLOG

Sources: AdAge, African Buzz, Billboard, Coindesk.com, Entrepreneur, Food & Wine, Forbes, The Hollywood Reporter, Medium, New York Times, NewFoodMagazine.com, Reuters, The Verge, Wall Street Journal, WineLand, WordPress

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