

June 2022

Web3/Metaverse Overview



**“...Nobody really agrees what web3 actually even is.
Depending on which tribe you belong to, web3 is a
scam, web3 is the future, web3 is tokenizing the world,
web3 is VC exit liquidity, web3 is just another name
for crypto, you get the idea.”**

-@cobie

Hi.

We're here to establish
a common nomenclature
around Web3 and the
metaverse and provide
perspective on why
it matters.



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The **blockchain** is nothing new and neither are virtual communities or shared spaces like gaming...

2020
Pandemic
accelerates adoption

Web3 (2014-Now)

Web2: The Social Web (2005-Now)

Web1 (1997-2004)

NetMarket conducts the **first secure e-commerce transaction** on the Web: a copy of the Sting CD *Ten Summoner's Tales* (1994).

FRIDAY, AUGUST 12, 1994
Attention Shoppers: Internet Is Open



1994 logo



1995 logo



1996 logo

An explosion of social platforms launch, linking people's mobile, gaming, and media consumption habits together and helping them **shape new community identities**.

XBOX LIVE 2002

SECOND LIFE 2003

f 2004

reddit 2005

twitter 2006

t 2007

2009

2010

2011

2015

2015

2016

2017

2017

Initial use-cases of decentralized blockchains emerge:

- **Bitcoin**, the first decentralized blockchain, released as open-source software (2009).
- **Tesla**, still in early launch years, made headlines for the **first vehicle sale with bitcoin** (2013).
- The **first "transferrable" NFT** project launched on the Ethereum blockchain (2015).

Who Is The Real Satoshi Nakamoto? One Researcher May Have Found The Answer

First Tesla bought with Bitcoin. The future is here.



Increased scrutiny into **political, financial, and environmental impacts** concurrently enable further early adoption.

Opinion FT Alphaville

Sell all crypto and abandon all blockchain

Climate change / Clean energy

Bitcoin mining may be pumping out as much CO2 per year as Kansas City

PayPal allows Bitcoin and crypto spending

CURRENTS

What Are The Environmental Effects Of Blockchain Technology?

By Maggie Proctor April 2, 2020

The Problems With Bitcoin And The Future Of Blockchain

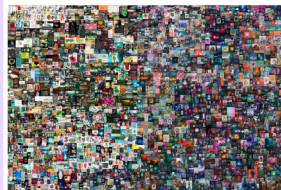
David Eising, Policy Director, Blockchain Technology Council, COUNCIL POST (Blockchain) (Free-Base)

NFTs gain prominence as highly visible, publicly traded and auctioned artifacts and opportunities for brands.

Beeple sold an NFT for \$69 million

Through a first-of-its-kind auction at Christie's

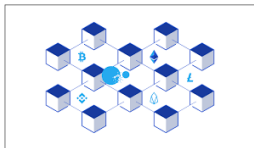
By Jason Farkenton | K&A | May 11, 2021, 10:58am EDT



Beeples collage, 'Everydays: The First 5000 Days', sold at Christie's. | Image: Beeples

Tesla Could Accept Cryptocurrency Payments Again, US SEC Filing

...yet we're just now grappling with its **key concepts**.



Blockchain

A digital, distributed, decentralized database that by nature is more transparent (cf. closed, server-based tables) and therefore open to audits and public accounting. Blockchain also enables a key differentiator of Web3 – “portability” of key data via distributed ledgers.



Cryptocurrency

Different blockchains maintain distributed ledgers of digital currency, most of which are volatile. They can also be linked to an external source, like U.S. dollars (these are called “stablecoins”).



Wallet

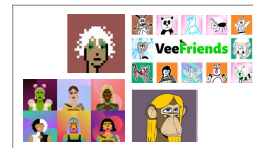
Wallets act as digital signatures with public and private components. Cold wallets store their keys offline; hot wallets are browser plug-ins.

Independent of blockchains, wallets are a proof-of-concept for the next central form of digital ID.



Gas Fees

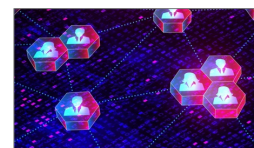
The overhead generated by any action that the blockchain needs to process, which varies depending on how complex the request is and how busy the network is at the time of request.



Non-Fungible Tokens (NFTs)

Many assets on the blockchain can be interchangeable. These tokens can hold value, unlock participation in DAOs, events, or offline experiences, and more.

Comparatively, NFTs are unique assets. Think: collectibles, special editions, and limited series.



Decentralized Autonomous Organizations (DAOs)

Communities engaged in co-ownership and collective action in pursuit of goals both on and off the blockchain. In theory, they are decentralized and autonomous (and organized), though in practice not all DAOs express these traits.

Decentralized · Open · Interoperable · Autonomous

**These concepts are the
building blocks that make up
what we're calling Web3*
and the metaverse.***

*These terms are often used interchangeably

For our purposes, the **metaverse** is the philosophical future vision of the internet, steeped heavily in ideas of synchronous 3D immersive worlds where we will also live.

It's not here yet. (But we do have gaming.)

Web3 is the next version of today's internet – one built upon blockchain technology that supports open, decentralized, crypto-economic networks. The goal is to improve upon the shortcomings of Web2 (our current internet).

Web3 is being called the next **decentralized** version of the web.

The Read-Only Web / Web1

Static websites and forums, decentralized and stateless (no data capture), built on open protocols. Think DNS, SMTP/email, FTP/data transfer, etc.



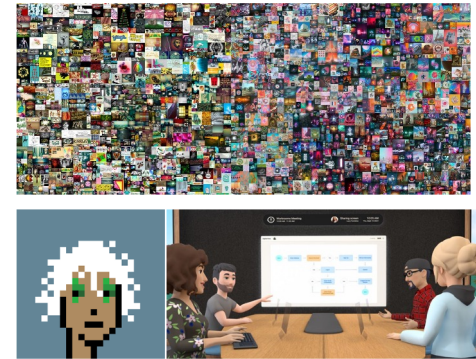
The Social Web / Web2

Centralized, collaborative, searchable, participatory. AKA the **Web2 platform world** where tech companies provide convenience, services, and seamless front-end experiences for consumers and brands alike in exchange for a “walled garden” of detailed user data, which the platform monetizes.

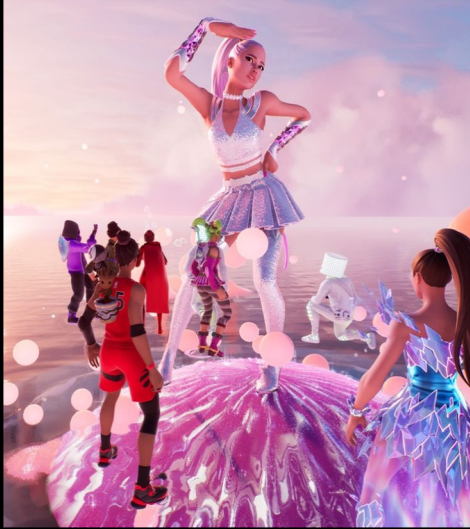


The Metaverse / Web3

Machine-to-machine, decentralized, portable, interoperable, personal, open, permissionless, and verifiable.



There are two distinct
versions of this Web3/metaverse,
and they sit at opposite ends
of a spectrum.



1.
**The Closed
Metaverse**



2.
**The Open
Metaverse**



The Closed Metaverse

This view is championed by established platforms, such as Meta Horizons, Fortnite, and Google.

These platforms harvest user data within their closed environments and sell it in the form of ad targeting in exchange for seamless user experiences within those walled gardens.

Think:

- Immersive or AR/VR experiences
- “Direct-to-avatar” commerce and brand integrations
- In-game media sponsorships and partnerships
- Opportunity audiences in specific platforms



The Open Metaverse

The open metaverse represents the more radical “permissionless” future vision — one without central authorities where every consumer has greater control over their personal data (although with no expectation of privacy at the current moment).

This is the space where crypto-communities, NFT marketplaces, and DAOs proliferate. Currently owned by builders and users and orchestrated by cryptotokens within those walled gardens.

Think:

- Wallet-driven engagements
- Token experiences that unlock collectibles and community interactions
- Creator partnerships
- Small, direct audiences with potential for earned media
- Investment opportunities for future infrastructure

**But to the everyday consumer,
none of these definitions matter.**

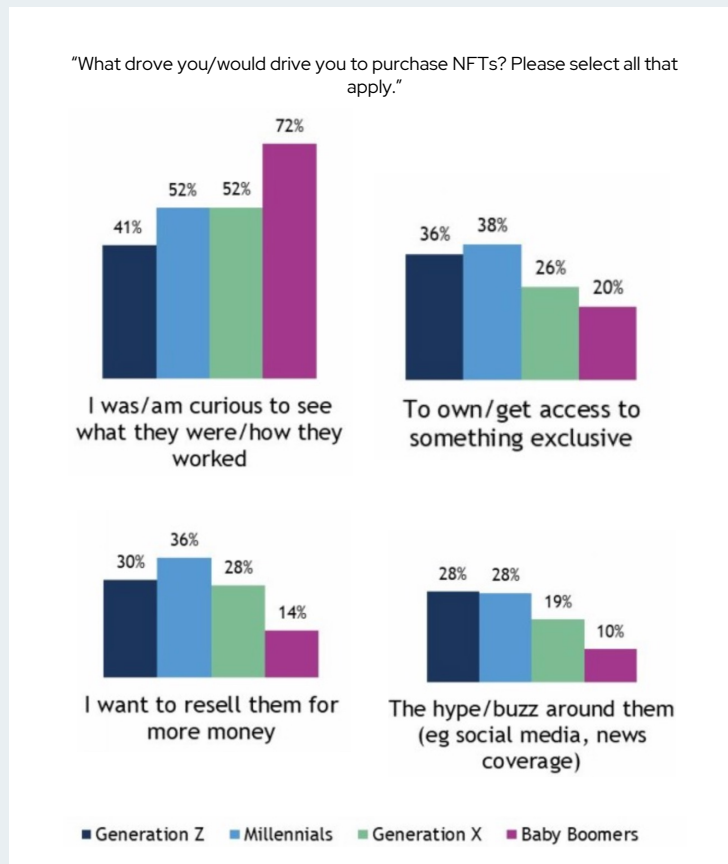
Consumers are **rushing** into the space and throwing themselves (and their crypto) into it...

Top motivations:

- **Curiosity**
- **Money (and the desire to circumvent traditional financial structures; think: #WAGMI, #hodl)**
- Self-expression
- Desire to engage with peers and interest-based communities
- Gaining exclusive access (experiences, content, etc.)
- Imagining new worlds and contexts
- Preventing #FOMO

Think:

- What motivates someone to engage with brands (brand loyalty, the IOLz), mint an NFT (artistic recognition, money), or participate in a DAO (collective action, money)?
- What will continue to draw people to virtual experiences if they're not stuck at home from the pandemic?



Source: Mintel "Evolutions in eCommerce" Sept. 2021

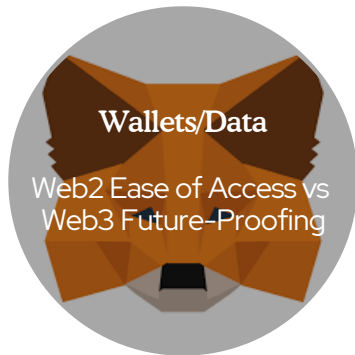
Base: 1,081 internet users aged 18+ who shop online and own or are interested in NFTS

...and brands have a variety of opportunities to engage them across an ecosystem of interactions.

Web3 keystone:



Foundational elements:



Relevant Audiences in This Space

We are far from mass adoption of crypto trading, and the ability to maintain multiple wallets further complicates audience sizing efforts. Yet it's important that brands consider multiple audiences, above and beyond wallet-holders, for engagements in this space:



Crypto Enthusiasts

The number of digital wallet holders is still small, but steadily growing.

People who actively engage in building cryptonetworks **are incentivized by maintaining their own popularity**, and by popularizing the power of metaverse experiences.



Digital Creators/Builders

Many brands are finding their way in by **partnering with Web3 creators and builders** who live and breathe the space and who are able to translate brand values into digital experiences that hold value within the metaverse.



Addt'l Target Consumers

The strongest brand (and people-led!) executions in this space continue to shape digital conversations and culture. The right innovative projects can **catch top-tier earned media attention** and expand in haloes beyond those who are directly buying and trading.



Bots

Whether it's helpful Discord community verification automata, AI-generative projects, or phishing bots, **non-human audiences** are also important for brands to recognize, alongside humans, as necessary components to the landscape.

Thank You!

Please reach out with questions.



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