



T R A N S C R I P T I O N
O U T S O U R C I N G , L L C

NFTs Are Everywhere:

**Here's What to Know Right Now
About the Digital Trend and
Where It's Headed Next**



Non-fungible tokens, or NFTs, are making a whirlwind rise across the crypto and digital art scene. They're boasting sales figures that continue to set records and then immediately breaking them for new ones—the numbers splashed across headlines are climbing higher every few days.

In mid-March, artist Mike Winkelmann (more commonly known as Beeple), made history when one of his works became the most expensive digital artwork sale to date—at **just shy of \$70M**. However, the record is already ripe for breaking as NFTs continue to rise in popularity, not only across blockchain users and the art world, but also within more mainstream and traditional organizations like **the NFL**, the music industry, and even... toilet paper companies—the Charmin brand **announced via Twitter** earlier this month that they're releasing digital TP art to benefit the Direct Relief Fund. **now** Right Now About the Digital Trend and Where It's Headed Next



Top-selling digital art NFTs in Q1 2021

(as of 3/23/21)



SOURCES:

<https://www.nytimes.com/2021/02/22/business/nft-nba-top-shot-crypto.html>
<https://www.businessinsider.co.za/twitter-ceo-jack-dorsey-sell-first-tweet-nft-sunday-2021-3>
<https://www.brooklynvegan.com/grimes-made-over-5-million-selling-her-nft-crypto-art-collection/>
<https://www.thewrap.com/nft-beeple-cryptopunks-hashmasks/>

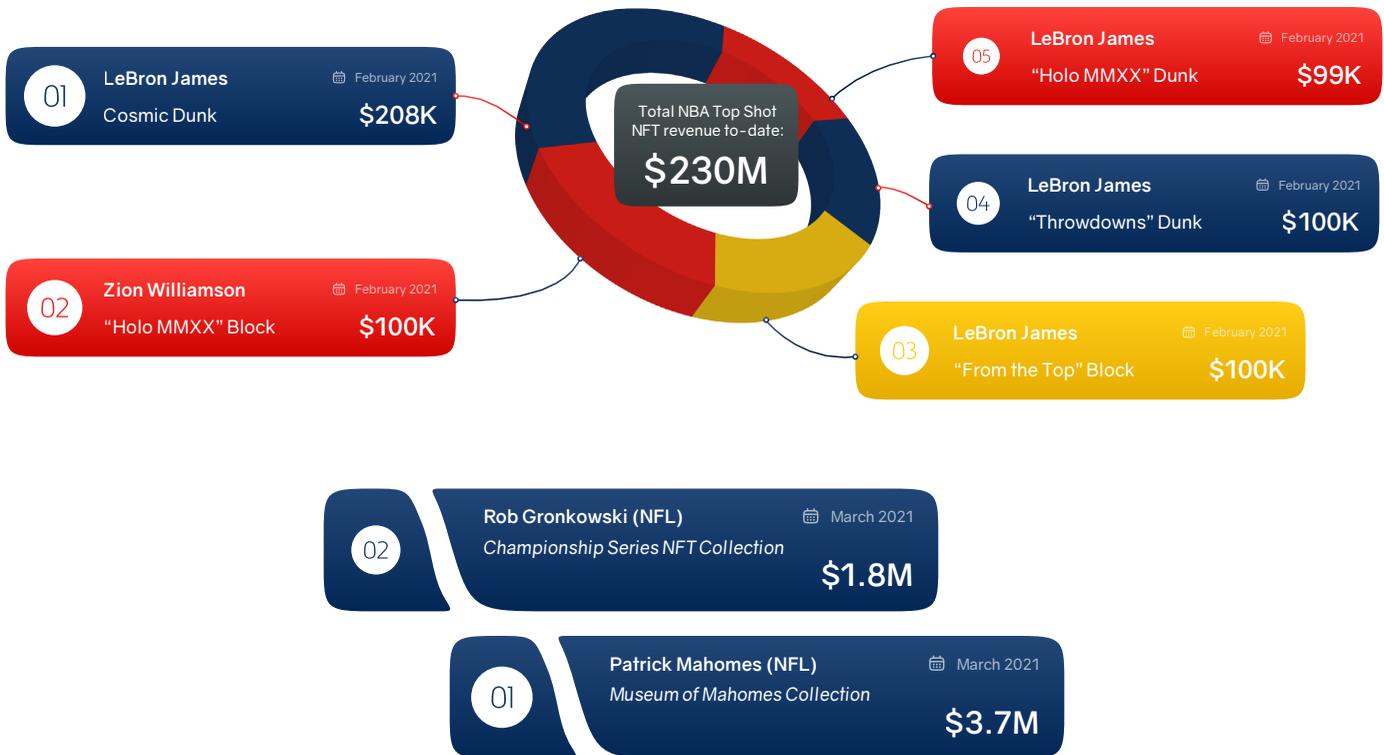
As more artists have begun tying these tokens to music, digital art, video, and even memorabilia for fans and collectors to buy and trade, **the market for NFTs has tripled**, hitting more than \$250 million in 2020. It's turning up the heat even more in 2021, with some **market cap projections** for this year at \$1.3 billion.

The reach of the current NFT frenzy extends far beyond digital artwork, too. There's also growing interest among collectors of sports memorabilia, with trading for video highlights via NBA Top Shot reaching **\$230M in March**, as well as **individual pro players** carving out success within the NFT space.



High-value sports collectables NFTs sold in Q1 2021

(as of 3/23/21)



SOURCES:

<https://www.cnn.com/2021/02/28/230-million-dollars-spent-on-nba-top-shot.html>
<https://cointelegraph.com/news/nft-auction-celebrating-nfl-star-rob-gronkowski-drives-1-8m-in-sales>
<https://sports.yahoo.com/patrick-mahomes-nft-art-hauls-120043454.html>

In early 2021, Kings of Leon became the first band to release an **entire album as an NFT**. Around the same time, rapper Post Malone and producer Dre London made quick work of collaborating to **mint NFTs through Aux Live**, Malone's concert streaming service. There's even speculation about a **Jay Z token** following the music mogul's Square-Tidal deal with Jack Dorsey.

And while blockchain and tokens have been around for close to a decade now, the growth, adoption, and popularity of NFTs has been **surprising** to many.



Total trading volume of NFT artwork from late 2020 to early 2021 (by month)

(as of 3/23/21)



SOURCE:
<https://cryptoart.io/data>

Arturo Real, an artist and technologist in production at Harvard University, theorizes that NFTs may be so ubiquitous right now due to a combination of social media (including emerging platforms like Clubhouse) and the pandemic. As go-to locations for creatives and art enthusiasts began to shutter last year in response to COVID-19, digital environments, from social apps to online galleries to metaverse communities, have helped fill the void. Not only that, but the fault lines and failures exposed by the pandemic's devastation across so many demographics have helped drive people's appetite for change. As a result, Real suggests, "disillusionment with current systems are responsible for the sudden boom of attention and fervor for this space."



Impact to the arts & culture economy from COVID-19

(as of 3/23/21)



SOURCE:

<https://www.arts.gov/sites/default/files/COVID-Outlook-Week-of-1.4.2021-revised.pdf>

NFTs Are a Different Kind of Cryptocurrency

Similar to bitcoin, NFTs run on an Ethereum blockchain network, a digital network of computers set up to record transactions of cryptocurrency in a way that protects the transaction data from alterations.

“A blockchain is creating a ledger of trust, where it’s highly improbable if not impossible for transactions to be forged,” Real explains. However, NFTs are *non-fungible*, which refers to their uniqueness and thus non-interchangeability—essentially the characteristics that render these tokens different from bitcoin and many other cryptocurrencies.

Creatives who put a piece of digital work onto the Ethereum blockchain can use NFTs (along with the security already provided by the blockchain) to establish provenance and ownership of that work. And because NFTs, like other crypto currencies, are purchased or traded in markets, Real explains that the unique NFT can then act as “a certificate of authenticity that ties a piece of work... directly to the person who minted it.” For the art world especially, NFTs are shaping up to be a significant marketplace disruptor.



Year-over-year blockchain market growth and projections (in billions USD)

(as of 3/23/21)



FIGURES FORECAST USING CONSTANT ANNUAL GROWTH RATE PERCENTAGE. SOURCE: <https://www.statista.com/statistics/647231/worldwide-blockchain-technology-market-size/>

Opportunities Beyond the Hype

Artists in particular are excited about NFTs because, at a base level, Real explains, “you can now have a one-to-one connection between the person who mints the art or item and the person who’s purchasing it.” This direct-to-consumer experience benefits musicians and other creatives as well.

“You don’t have to worry about the middleman,” says [Martin Perry](#), an animator for the music industry. “Now you can go straight to fans. You don’t have to go to the [record] label and you don’t have to worry about these wild contracts that you pay back.”

Additionally, since the token can be digitally tracked as it changes ownership, creators now have an opportunity to receive royalties from their work *every time* it’s resold, an additional benefit for artists and creatives.

Both Real and Perry see the tracking function as a major boon, especially because some artists may sell pieces early in their career only to then watch those pieces jump considerably in market value when they’re later sold between collectors.

Beyond the immediate impact on creators and consumers that's already underway, Real envisions a more sizable shift in how art is consumed by the public. Thanks to NFTs, galleries, museums, and private collectors may finally see a loosening of their stronghold on the curation of authenticated art.

At the very least, Real says, "We'll start to see more and more hybrid collections and experiences that combine this newfound enjoyment and excitement around NFTs and purchasing things on a digital space, particularly on blockchains and using cryptocurrencies."

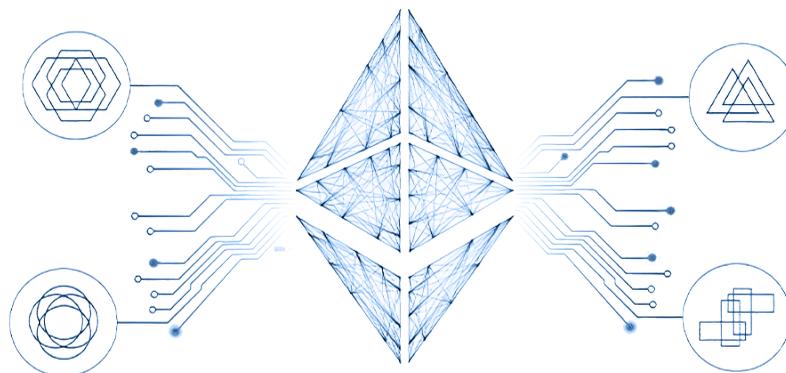
Additionally, Perry easily sees an opportunity for NFTs to evolve into more personal or customizable forms of currency, such as social tokens distributed by artists and creators. "Tokens can be used to reward your community for their support and interaction," he says, "so I think that's going to be the next thing."

Despite Fresh Enthusiasm, NFTs Face Familiar Crypto Challenges

One of the most longstanding and publicized concerns surrounding NFTs and the crypto industry as a whole is over greenhouse gas emissions associated with blockchain technology. Debate continues over exactly how many megawatt-hours of energy the sale of NFTs consume, but the process called "proof of work," which underpins the security of blockchains, is widely acknowledged as a **massive energy glut**.

The carbon footprint for the more widely popular bitcoin has been estimated at about 37 million tons of carbon dioxide -- **comparable to New Zealand** -- fueling backlash over the rising popularity of NFTs and other tokens. In the aftermath of his \$69.3M NFT sale, even Beeple noted wanting to address **sustainability concerns** by investing in renewable energy sources.

Real, too, remains hopeful a solution is on the horizon. "I do believe that somewhere in there, there's room to extract new ways of thinking and new technologies and new ways of doing things. Conceptualizing what it means to exchange, what it means to share, what it means to be an artist, what it means to be a collector, what it means to be a curator of art."

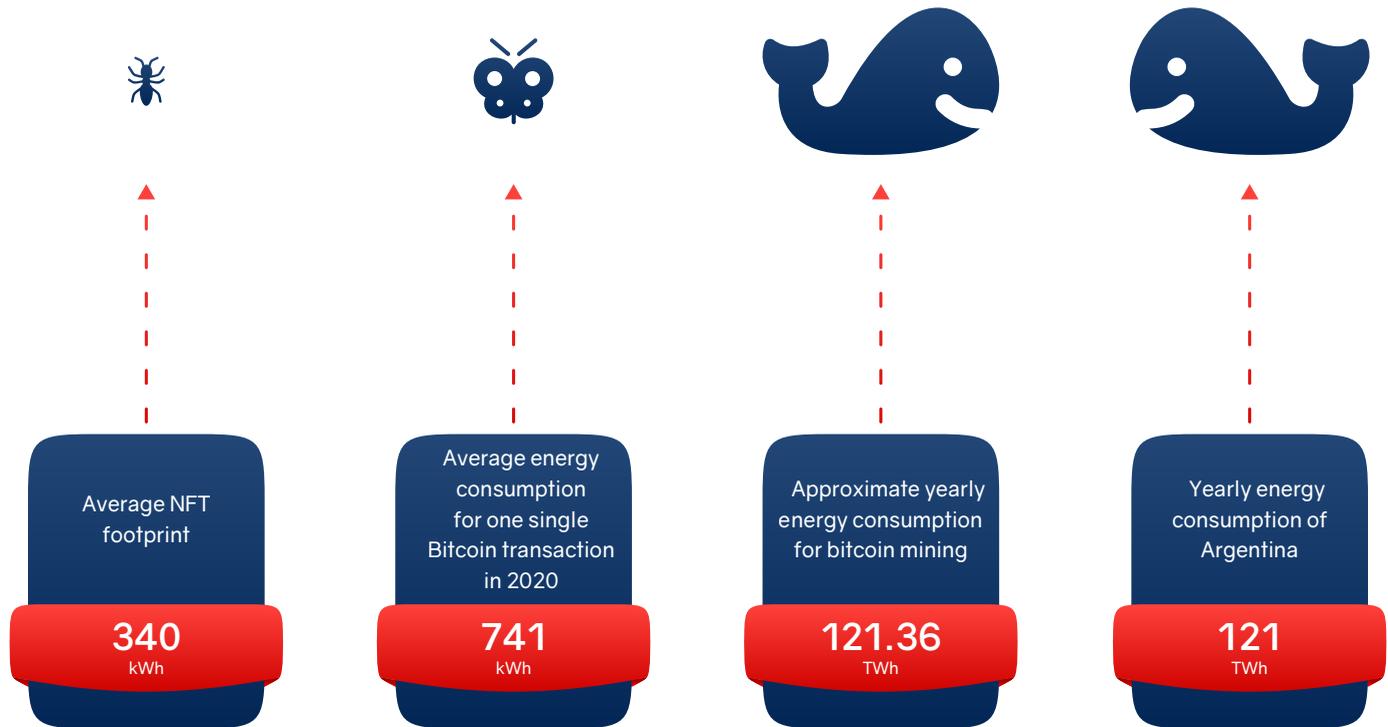


NFT
Non Fungible Token



Energy use comparison between crypto and other industries

(as of 3/23/21)



SOURCE:

<https://www.bbc.com/news/technology-56012952>

In an NFT Arms Race, There Are No Silver Bullets

The nature of the technology creates other concerns, too. "You do see a lot of scammers who have all of these images that don't belong to them from other artists," Perry says. And while collectors can trace a token or trade back to the source to determine provenance, as Perry points out, "What you do with that source is probably where the trail ends." Because the act of minting an NFT is what establishes the record in the blockchain, there's not a clear option for recourse if someone's already using stolen artwork when they get to the point of attachment.

NFTs provide an opportunity to democratize D2C art sales, put more money back into artists' hands with respect to their craft, and push the boundaries on how we view and engage with art in the digital world. Still, with rare exception, artists still need to be present, garner interest, and drive sales as part of their job.

As with most other creative pursuits, sometimes it helps to approach it like a business. Perry puts it this way, "As people are jumping into this they're forgetting that you still need to market, you still need a promo, you still need to, you know, build a community around your art."

Fair Use Statement

We're excited to share knowledge about NFTs and their impact across multiple industries. If you'd like to share any of the information here, you're free to use this project's graphics and content for noncommercial purposes. Please link back to this page to give the creators proper credit.

About Transcription Outsourcing, LLC

Transcription Outsourcing, LLC is a Denver, Colorado-based online transcription services company. We provide fast, accurate and reliable transcription services for individuals, offices, departments and agencies of all sizes. Find more info about [medical transcription services](#) and [legal transcription services](#).

