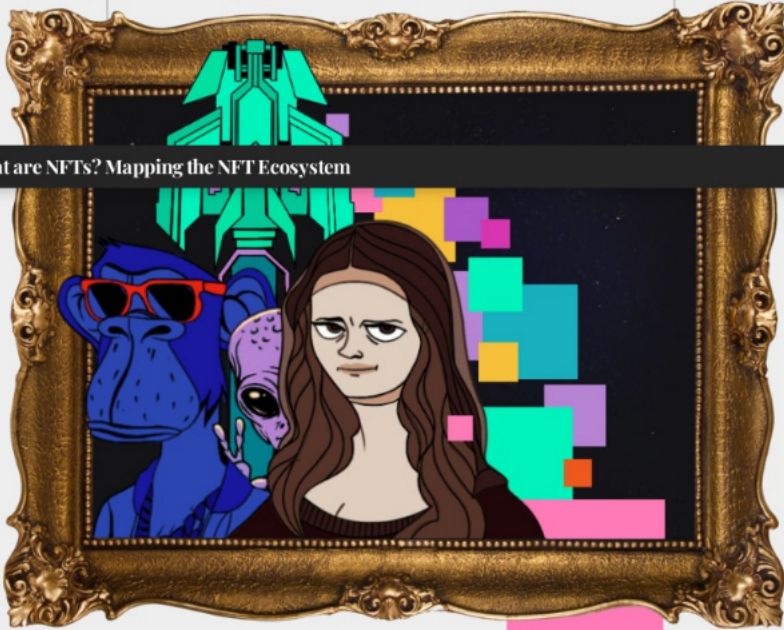


NFTs

Mapping the NFT Ecosystem



What are NFTs? Mapping the NFT Ecosystem

NFTs are changing digital art, sports collectibles, media, and more.

This ecosystem is revolutionizing how digital goods are **created, distributed, and collected**.

The NFT universe is growing rapidly with:



Blockchains where NFTs are hosted and minted.



Marketplaces where NFTs are listed and traded.



The **NFT projects** themselves.



What are NFTs? Mapping the NFT Ecosystem

But before exploring this ecosystem, let's define NFTs.

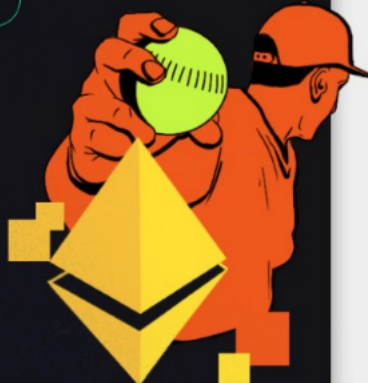


Figuring Out Fungibility

WHAT ARE NFTS?

NFTs are cryptographically secured tokens with their history of ownership and current owners stored on a blockchain.

They allow for **robust primary and secondary markets** for digital goods, cutting out middlemen and enabling creators to make the most of their work.



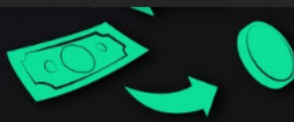
FUNGIBLE VS. NON-FUNGIBLE



What are NFTs? Mapping the NFT Ecosystem

and indistinguishable in value.

Currency like U.S. dollars are fungible. Every U.S. dollar is interchangeable and has the same value as any other dollar.



A Non-Fungible Token (NFT) or good has unique properties, making it have a different value from other similar tokens or goods.

A house with a terrace is valued differently and isn't interchangeable for a house without a terrace.

A terrace can be one of many different properties that make houses non-fungible and be worth different values.

Similarly, a non-fungible token will have **different artistic properties or other properties that render it unique** from other tokens, giving it a unique value.

Cryptopunks are an NFT collection of 10,000 pixel art "punks", with no two punks being the same.

The different attributes of varying rarities make



What are NFTs? Mapping the NFT Ecosystem



ZOMBIE
1770 ETH
\$7,841,100

88



APE
8,890 ETH
\$39,382,700

24

Number of Cryptopunks with attribute

Lowest value Cryptopunk currently for sale with attribute



ALIEN
23,000 ETH
\$101,890,000

9



MALE
84 ETH
\$372,120

6039



FEMALE
84.42 ETH
\$373,981

3840

While scarcity of attributes tends to dictate valuations, **aesthetic and subjective preferences** of investors and collectors can also influence valuations.

There are 78 punks with the "buck teeth" attribute and 259 punks with the "hoodie" attribute, "hoodie" punks are worth triple the value of "buck teeth" punks.



BUCK TEETH 102 ETH \$451,860 78



HOODIE 320 ETH \$1,417,600 259



What are NFTs? Mapping the NFT Ecosystem

Dollar values calculated with Eth price of \$4,430
Punk values as of Nov 29th, 2021

Mighty Minters

THE BLOCKCHAIN PLATFORMS HOSTING NFTS

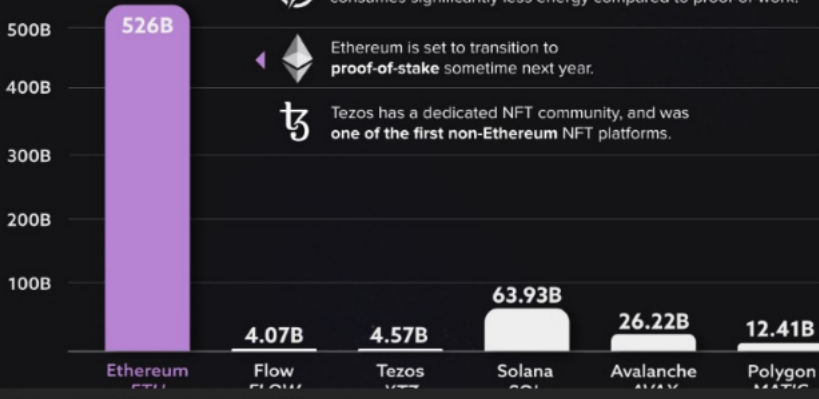
The NFT Capable Blockchains

Proof-of-Work

Proof-of-Stake



Market cap



Most of these blockchains use proof-of-stake consensus, which consumes significantly less energy compared to proof-of-work.

Ethereum is set to transition to **proof-of-stake** sometime next year.

Tezos has a dedicated NFT community, and was **one of the first non-Ethereum** NFT platforms.

What are NFTs? Mapping the NFT Ecosystem

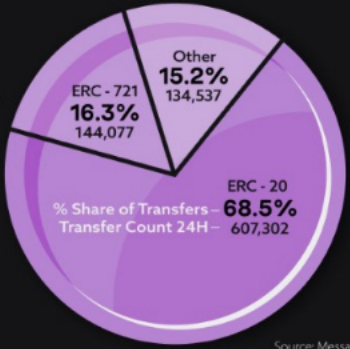
As of Nov. 29, 2021

EXPLORING ETHEREUM TOKEN STANDARDS

Ethereum is the largest platform for NFTs, and NFTs make up a massive part of the network's transfers and activity.

ERC-721 tokens are the specific token standard of most NFTs on Ethereum.

Token Transfers on Ethereum over 24 Hours



Source: Messari.io
As of Nov. 29, 2021

Along with ERC 721 tokens:



ERC-20 contract standard is used to make fungible tokens, and is the most commonly used on the Ethereum network overall.



ERC-1155 token standard was created by Enjin and can create both fungible and non fungible assets.



ERC-998 is an extension of the ERC-721 standard that enables NFTs to own NFTs and ERC-20 tokens.

Ethereum's NFT token standards can interact with dapps (decentralized applications) also built on the Ethereum blockchain, allowing for

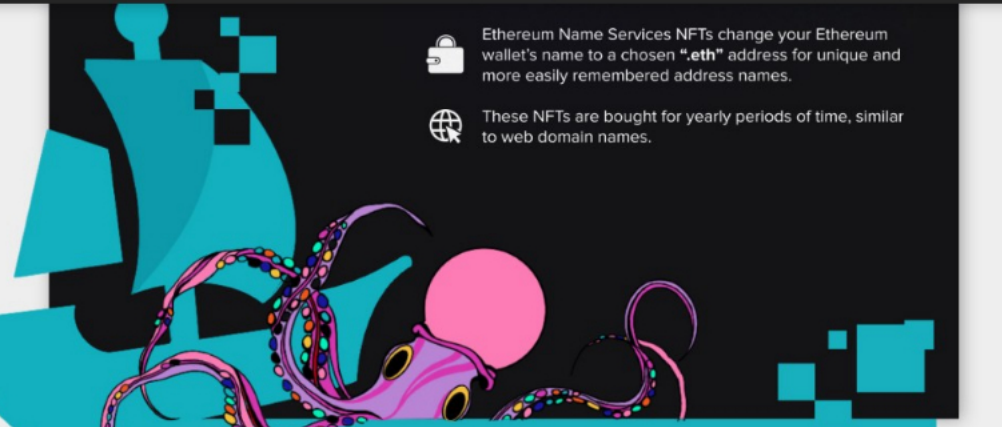
What are NFTs? Mapping the NFT Ecosystem



Ethereum Name Services NFTs change your Ethereum wallet's name to a chosen ".eth" address for unique and more easily remembered address names.



These NFTs are bought for yearly periods of time, similar to web domain names.



An Open Sea of Secondary Marketplaces

Currently there are a variety of secondary marketplaces to buy and sell NFTs.

OpenSea has emerged as the dominant platform, with \$1.9B of traded volume in November, 2021.

NFT marketplace volume

3000M

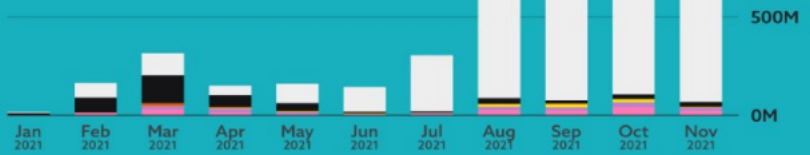
Monthly chart of NFT Marketplace volume

What are NFTs? Mapping the NFT Ecosystem

■ OpenSea
 ■ Nifty Gateway
 ■ Foundation
 ■ MakersPlace
■ SuperRare
 ■ Hic et Nunc
 ■ Async Art

SR SuperRare is a platform with strict curation, where artists must apply and be approved in order to list their NFTs.

N Nifty Gateway is owned by U.S. crypto exchange Gemini, and features art collections by Grimes.



Monthly NFT marketplace volume has increased by 11,295% since the start of 2021.

\$17.2M Jan 2021
\$1.96B Nov 2021

Some other NFT marketplaces include:



What are NFTs? Mapping the NFT Ecosystem

Where NF Is are Today

DIGITAL ART, COLLECTIBLES, GAMING, AND MUCH MORE

NFTs can be more than just digital proof of ownership, and can be linked with physical assets or benefits.



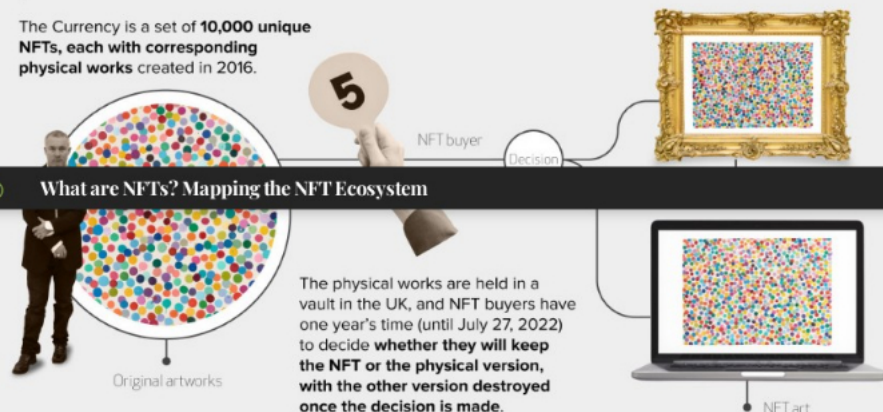
Kings of Leon's latest album *When You See Yourself* was released alongside varying limited-time NFTs tied to physical assets and benefits.

A \$50 (£35.70) NFT gives owners access to a digital download of the music, a physical vinyl of the album, and access to digital goods.

Six "golden ticket NFTs" give holders lifetime access to four front row seats at any of the band's shows.

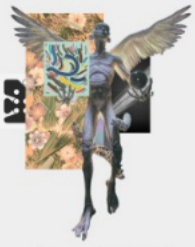
UK artist Damien Hirst's NFT collection *The Currency* explores how people value NFTs and physical art.

The *Currency* is a set of 10,000 unique NFTs, each with corresponding physical works created in 2016.



The physical works are held in a vault in the UK, and NFT buyers have one year's time (until July 27, 2022) to decide whether they will keep the NFT or the physical version, with the other version destroyed once the decision is made.

Currently, the NFT space has three key branches, each pushing innovation in unique ways:



Art and Digital Collectibles

From profile picture collections to generative art and collaborative music pieces, NFTs are enabling digital art to flourish.

Whether it's music or sports collectibles, there's more than just visual art NFTs.



Gaming

The NFT gaming space is rife with innovation, as player ownership of in-game assets and purchases and play-to-earn models are being implemented and explored by various projects.



The Metaverse: Digital Identities and Spaces

NFTs are redefining digital ownership, identities, and spaces, tokenizing digital land in virtual reality, along with the 3D avatars that will represent their owners.



What are NFTs? Mapping the NFT Ecosystem

GOING BEYOND THE DIGITAL.

While NFTs have had their big bang moment, the boom is far from over.

Along with these areas, NFTs are still being explored as a way to tokenize and enable the digital transfer of real-world assets like houses or physical art pieces.

Almost any physical asset or good can be tokenized for easier proof and exchange of ownership, while also opening up possibilities like fractionalization, collateralization, and the utility smart contracts can provide.



**NEXT
DECENTRUM**



For more about NFTs and blockchain check out [Next Decentrum's Learning & Resource Center.](#)



[/visualcapitalist](#)



[@visualcap](#)



[visualcapitalist.com](#)