

# 12 Real-World Examples of Crypto in Action

How Millions of People Are Using Crypto Services Today ... and Why It Matters

## 01 Farcaster: Fixing What's Broken With Social Media

Using apps like Facebook, Twitter, and LinkedIn comes with a big cost: Everything you create—your profile, your followers, your posts—is their property. To get around this, Farcaster has built a blockchain-based social media platform where individuals own their follower list, content, and username.

## 02 Stablecoins: Moving Dollars at the Speed of the Internet

Stablecoins are dollars or other stable reserve assets that are registered on a decentralized blockchain. Users get the benefits of dollars, such as relative stability and global use, combined with the blockchain's ability to move them at the speed of the internet. And their popularity is growing quickly. USDC, a stablecoin pegged to the US dollar, has processed \$10 trillion in transactions to date with more than \$2 trillion in Q1 2023 alone. (For context, \$2 trillion is more than Paypal processed in all of 2022.)

### Stablecoins Key Metrics



**\$129 Billion**  
Total Stablecoin Assets Under Management



**\$17 Trillion**  
Total Value of Stablecoin Transfers

Source: Bitwise Asset Management with data from The Block and Coin Metrics as of March 31, 2023

## 03 Hivemapper: Crowdsourcing a Better Real-Time Map

Hivemapper is incentivizing drivers to capture street images in exchange for crypto. Run entirely on the Solana blockchain, the system allows Hivemapper to collect real-time map data while paying its sprawling workforce efficiently (and instantly)—and to bootstrap an innovative new product that otherwise would require billions in start-up costs.

## 04 Starbucks: Customer Rewards 2.0

In late 2022, Starbucks announced a new twist to their 29 million-member rewards program: The company now issues exclusive interactive rewards, packaged as NFTs on the Polygon network. These digital collectibles come with unique experiences like premium coffee tastings, and allow customers to buy and sell highly coveted rewards to other members.

### Starbucks' Odyssey Collection of NFTs

Number of Collections	<b>5</b>
Number of Items	<b>47,000</b>
Median Floor Price	<b>\$300.78</b>
Volume (Dec. 2022–Mar. 2023)	<b>\$939K</b>

Source: Bitwise Asset Management with data from Nifty Gateway as of March 29, 2023.

## 05 Uniswap and DeFi: Improving Financial Services With Blockchain Automation

Decentralized finance (DeFi) applications use code to create fully automated versions of financial services that are traditionally delivered through complex human processes. Uniswap, one of the most popular DeFi apps, regularly processes as much crypto trading volume as Coinbase, the largest crypto company in the U.S. But Uniswap isn't a company—it has no employees or offices, and as a result, the cost to use Uniswap is dramatically lower than Coinbase.

## 06 Music NFTs: Artists Sharing Royalties With Fans

Thanks to crypto, Rihanna's NFT holders are now part-owners of her music. Recently, one of Rihanna's producers partnered with Web3 startup Anotherblock to sell 300 NFTs that entitled their owners to a percentage of the royalties generated by one of her most popular songs. This feat is only possible today through decentralized blockchains, which allow efficient and reliable calculation, settlement, and transfer of royalties.<sup>1</sup>

## 07 International Payroll: Using Bitcoin To Activate the Global Gig Economy

It's difficult for companies to pay gig workers around the world. Currency conversion and transfer fees can easily erode 15% of someone's payment, and administrative barriers are high. One potential solution: Pay people in bitcoin. Not only are bitcoin payments much faster and cheaper than cash, many people around the world regard bitcoin as more trustworthy than their local currency. This is happening now: Premise, a company that coordinates gig workers around the world, is already using bitcoin for payments.

### Cost and Duration:

#### Bitcoin Payment vs. International Bank Transfer

Transfer Amount

**\$100,000**

#### Bitcoin Payment

**Fee %:**  
0.00001%

**Fee \$:**  
\$0.01

**Time to Settle:**  
~10 minutes

#### Standard Bank Transfer<sup>2</sup>

**Fee %:**  
0.02% to 0.03%

**Fee \$:**  
\$20.00 to \$30.00

**Time to Settle:**  
2-4 days

#### Instant Bank Transfer<sup>2</sup>

**Fee %:**  
2.00%

**Fee \$:**  
\$2,000.00

**Time to Settle:**  
Instant

Source: Bitwise Asset Management with data from Monito as of March 14, 2023.

## 08 Nike and the \$250 Million Digital Fashion Gold Rush

Prominent luxury brands are selling digital items that let people flash their wealth and taste online, the same way they would in the analog world. It's all stored on an immutable public database of ownership. Not convinced? Try this on: Nike did \$186 million in digital collectible revenue last year. The next big thing in branding is virtual swagger, and crypto is the way to do it.

## 09 DAOs: The Biggest Organizational Innovation Since the C-Corp, Native to the Digital Era

A DAO (decentralized autonomous organization) is like an online co-op whose members are digitally verified and can vote on proposals through a decentralized blockchain—and they're reshaping how organizations develop, organize, and govern themselves. DAOs have sprung up to pursue any number of collective interests: forming a media organization, buying land, or even trying to buy an original copy of the U.S. Constitution. It's yet another example of how crypto's applications continue to reshape the world of business.

### ConstitutionDAO Key Fundraising Stats, November 15-18, 2021



**\$49 Million**  
Total Raised



**17,555**  
Total Contributors



**\$213.28**  
Median Contribution

Source: Bitwise Asset Management with data from Dune Analytics as of March 31, 2023. Dollar values are based on the mean USD-ETH conversion rate from November 15 to 18, 2021.

## 10 ENS: Domain Names for a Web3 World

In the early days of the internet, to go to a company's website, you needed their long and unwieldy IP address. Luckily, domain names fixed this. Ethereum Name Service, or ENS, solves a similar problem for Web3. With ENS, you can purchase a simple domain like bob.eth, and then connect that address to any number of other things, like your crypto wallets or your personal website. Most importantly, your ownership is recorded on the Ethereum blockchain and can be transferred across the internet seamlessly.

(1) NFTs are certificates of ownership that are transferred and verified virtually instantaneously on a secure blockchain like Ethereum or Solana. While the best-known NFTs involve ownership of digital images, NFTs can also involve ownership of a royalty stream, thereby creating instantly transferable assets that provide rights to the streaming royalties embedded in them. For these Rihanna NFTs, each NFT holder receives "a portion of 0.0033% of the streaming royalties" for the song, which amounts to an estimated 6.1-6.8% return over the first year based on the listing price.

(2) Represents estimated fee and settlement time for a \$100,000 international bank transfer from the U.S. to Hungary.

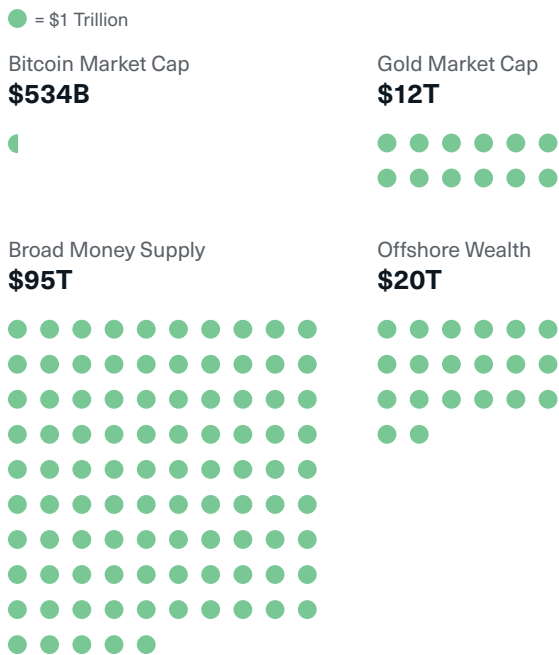
# 11 Crypto Gaming: Digital Ownership in Games

In the U.S., consumers spend more than \$60 billion a year on video games, and a huge chunk of that includes in-game purchases—digital items like extra lives, coins, diamonds, or weapons. But what if those purchases were your own property? It would mean that you could take your digital items with you from game to game, or buy and sell them on the open market. That (once again!) is the magic of NFTs and the future of crypto-based gaming.

# 12 Bitcoin: A Potential Store of Value<sup>3</sup>

Bitcoin was created to provide a new kind of monetary asset: one untethered to the traditional financial system and independent from subjective economic policy, hyperinflation, and authoritarian regimes. And for the past 14 years, bitcoin has been growing into this role. It is now a multi-hundred-billion dollar asset that can be converted into local currency in more than 100 countries around the world. Financial giants like Fidelity, NASDAQ, Bank of New York Mellon and others now strive to custody bitcoin on the behalf of clients. While not everyone today accepts it as “mainstream,” few expect it to disappear. It has found a place in the world, and its adoption is growing.

## Relative Size of Bitcoin vs. Addressable Markets



Source: Bitwise Asset Management with data from Visual Capitalist, Family Wealth Report, and World Gold Council as of March 31, 2023.

## Conclusion

Many of the biggest potential breakthroughs of crypto probably have not been invented yet. It's like the internet in 1993: The Amazons, Facebooks, Netflixes, and Googles of the next wave of technology are, more than likely, still incubating in the minds of crypto developers and entrepreneurs. These dozen use cases represent just some of those that we at Bitwise find most promising.

We can't wait to see what's next.



For more in-depth analysis, check out our recent white paper, *"Crypto Use Cases: 12 Real-World Stories of How Millions of People Are Using Crypto Services Today."*

## About Bitwise

Based in San Francisco, Bitwise is one of the largest and fastest-growing crypto asset managers, offering both index and active strategies across a wide array of investment vehicles. The firm is known for creating the world's largest crypto index fund (OTCQX: BITW), a suite of crypto-focused equity and futures ETFs, and investment products that span Bitcoin, Ethereum, DeFi, NFTs, and the Metaverse. Bitwise focuses on partnering with financial advisors and investment professionals to provide quality education and research. The team at Bitwise combines expertise in technology with decades of experience in traditional asset management and indexing, coming from firms including BlackRock, Blackstone, Meta, and Google, as well as the U.S. Attorney's Office. Bitwise is backed by leading institutional investors and asset management executives, and has been profiled in Institutional Investor, CNBC, Barron's, Bloomberg, and The Wall Street Journal.

(3) Bitcoin is a highly speculative asset that may encounter future regulatory changes that may adversely affect its value. Bitcoin has experienced periods of extreme volatility. While its acceptance has grown significantly, the adoption of bitcoin for the purpose of payment for goods and services has been limited.

## **Risks and Important Information**

No Advice on Investment; Risk of Loss: Prior to making any investment decision, each investor must undertake its own independent examination and investigation, including the merits and risks involved in an investment, and must base its investment decision – including a determination whether the investment would be a suitable investment for the investor – on such examination and investigation.

Crypto assets are digital representations of value that function as a medium of exchange, a unit of account, or a store of value, but they do not have legal tender status. Crypto assets are sometimes exchanged for U.S. dollars or other currencies around the world, but they are not currently backed nor supported by any government or central bank. Their value is completely derived by market forces of supply and demand, and they are more volatile than traditional currencies, stocks, or bonds.

Trading in crypto assets comes with significant risks, including volatile market price swings or flash crashes, market manipulation, and cybersecurity risks and risk of losing principal or all of your investment. In addition, crypto asset markets and exchanges are not regulated with the same controls or customer protections available in equity, option, futures, or foreign exchange investing.

Crypto asset trading requires knowledge of crypto asset markets. In attempting to profit through crypto asset trading, you must compete with traders worldwide. You should have appropriate knowledge and experience before engaging in substantial crypto asset trading. Crypto asset trading can lead to large and immediate financial losses. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price.

The information herein is not intended to provide, and should not be relied upon for, accounting, legal or tax advice, or investment recommendations. You should consult your accounting, legal, tax or other advisors about the matters discussed herein.