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Emergence of the Web 3.0 creates unique investment opportunities

Cryptocurrencies and tokens based on blockchain technology represent more than just a speculative instrument. In reality, they function as fundamental building blocks for a novel internet infrastructure, often referred to as 'Web 3.0'.

The internet is undoubtedly one of the most remarkable technological revolutions. It acts as a catalyst for digitization and serves as the foundation for nearly all aspects of daily life. However, the web itself undergoes continuous transformation, which can be roughly characterized by the transitions from Web 1.0 to Web 2.0 and eventually to Web 3.0.

While early web experiences were predominantly static and unidirectional, the transition to Web 2.0 significantly enhanced interactivity with content. User-driven platforms like YouTube and Wikipedia emerged, social media gained widespread adoption, and services like Airbnb shaped the sharing economy, while companies like Amazon revolutionized e-commerce. In the same era, the mobile revolution greatly diversified internet usage.

Web 3.0 - transitioning to decentralized and user-centric ecosystems

In contrast to Web 2.0, which primarily relies on advertising-based monetization models, Web 3.0 enables new forms of value creation through the use of cryptocurrencies and token economies that directly reward user interactions and contributions. The current development marks a shift from centralized services primarily focused on information dissemination to decentralized networks that allow for the transfer of both information and value.

The creation of Bitcoin and later smart contract-enabling blockchains like Ethereum was a pivotal turning point for Web 3.0. These platforms facilitated secure, decentralized transactions for the first time

and paved the way for an internet-based decentralized economy.

Novel investment opportunities

Token-based blockchains and decentralized applications (dApps) have opened up a new dimension of the digital economy by enabling decentralized value creation and monetization dependent on active user participation and contribution.

The demand for these tokens arises primarily from their utility within the respective blockchain networks and dApps, as they often provide access to specific features, rights, or rewards, making them integral to the decentralized ecosystem and its value creation. Token investments have revolutionized the traditional paradigm of private equity investments by allowing for early, often liquid exposure to emerging Web 3.0 applications. Additionally, they offer investors the opportunity to directly participate in the value appreciation and shaping of the platforms, which would be unthinkable in the traditional financial world.



Figure 1: Total market capitalization of the crypto market | Source: Digital Asset Solutions AG



Attractive investment landscape in an early stage

Within the context of Web 3.0, various sectors have emerged, offering a wide range of investment opportunities. From decentralized finance applications to digital identity solutions, NFT markets, and decentralized marketplaces, there are diverse chances for investors.

The S-curve model is a useful method for understanding the adoption of new technologies and innovations. It has accompanied numerous technological advancements in the past, each going through a growth phase and eventually reaching saturation. The exponential phase of adoption typically begins when approximately 10% of the target market has adopted the technology.

The estimated current usage of Web 3.0 applications stands at around 4-5% of the population, indicating an early phase of adoption. Nevertheless, significant growth has already occurred as more individuals and businesses recognize the benefits of decentralized technologies, blockchain, and token-based economies.

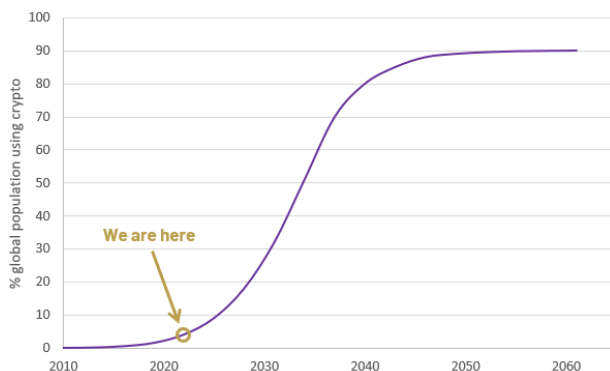


Figure 2: S-curve for crypto adoption | Source: Wells Fargo, Digital Asset Solutions AG

Investors entering this emerging sector at the present time have the opportunity to benefit from potentially accelerated growth. However, it is important to note that investments in early stages come with higher risks and require careful due diligence as well as comprehensive market knowledge.