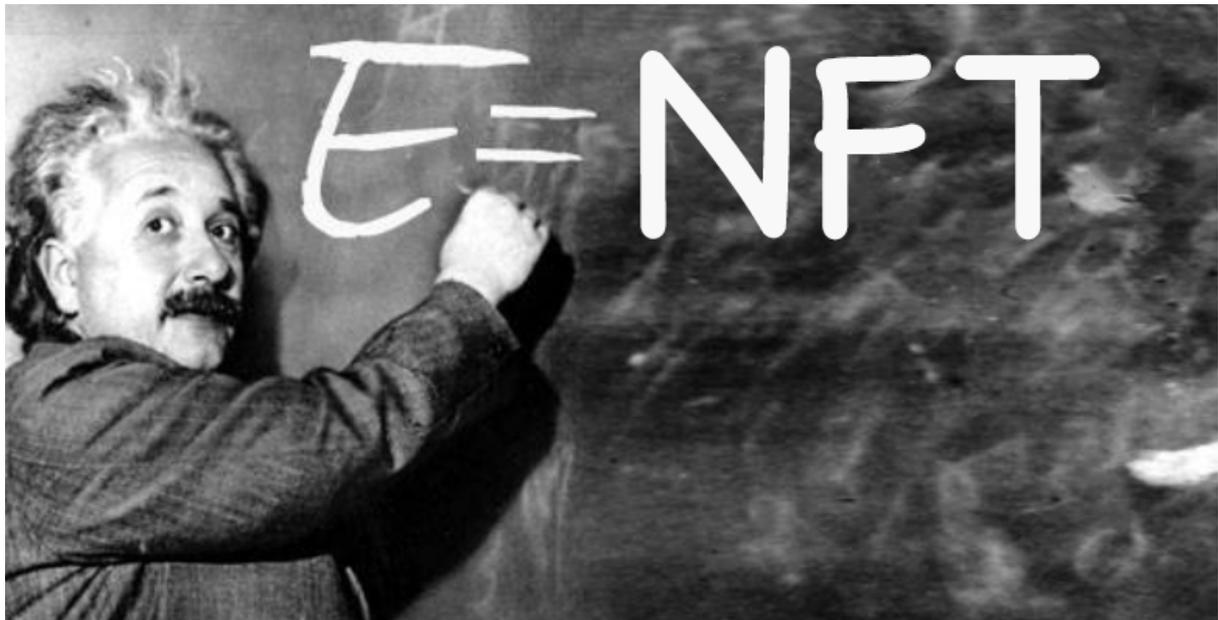


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WHAT EXACTLY ARE NFTs?

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Albert Einstein was the first to propose an answer to this puzzling question...

What exactly are NFTs?... this is a question millions of people have been asking themselves (and each other) over the past 18 months... as we collectively try to get our heads around this new evolutionary offshoot of blockchain technology...

I firmly count myself in that number -- actively engaging in messy (and occasionally enlightening) conversations; taking mental notes on what other people think NFTs are; marvelling at the expressive, experimental nature of it all; and feeling my stress levels soar in overcrowded Discord groups, as people compete for highly coveted 'whitelist' spots...

I'm still actively learning and figuring it out in other words, still tinkering, delighted and appalled in equal measure by what I find... as I scramble around in the half-light, trying hard to feel grateful that MetaMask exists; wondering why anyone would suffer the humiliation of bridging ETH to

Polygon more than once in a lifetime; occasionally wincing as I'm forced to entertain the possibility that I am experiencing my second mid-life crisis in less than a decade -- as I forget about following Bitcoin charts and creating generational wealth to focus instead on the comparative advantages of owning a digital toy horse that runs in imaginary races... versus an oversubscribed, adjective-laden cartoon animal clutching an ornately bejewelled roadmap.

And the NFT experts?...

Well, the majority of them are perhaps a year or two ahead of me on the learning curve. So let's face it: we're all making it up as we go along -- because it's all completely new territory (except perhaps for the ghost of Hal Finney but that would be digressing)...

THE RETURN OF THE JEDI

The first firm conclusion I reached is not an especially profound one, but it's nonetheless important to address:

For the vast majority of people, the name 'non-fungible token' (NFT) is about as helpful as something reverse-engineered to be deeply unhelpful... which is then placed inside a locked box and buried deep underground...

I mean... taking a word that almost nobody uses or understands (fungible) and prefixing it with 'non' (which requires you to pause to consider what is the negative state of something you don't even remotely understand)... only to cap it off with the passive-aggressive flippancy of the word 'token'... before wrapping it all up in that stalwart of impenetrability, the acronym...

Now this is Jedi-level obscurity -- even for software engineers...

LOST IN THE FOREST

If only that were the end of it. Because when you couple this impenetrable nomenclature to the fact that NFTs are (conservatively speaking) SHITLOADS of different things, both *intrinsically* AND depending on whom you ask...

Well, in short it's a recipe for disaster - or at the very least the cause of widespread confusion amongst the vast majority of people trying to follow along.

There's an expression - "you can't see the forest [or wood] for the trees" - which I think sums it up pretty well.

We can't see the true nature of NFTs for all the NFTs.

THESE ARE NOT THE NFTs YOU'RE LOOKING FOR...

By way of example, during my time researching NFTs, I have 'learned' that:

- NFTs are cartoon pictures of dogs and lions that get you shadow-banned on LinkedIn if you use them as your profile picture (PFP).
- NFTs are basically electronic baseball cards - pure collectibles. Humans are very weird creatures, and they seem to like collecting baubles. So an NFT is essentially an e-bauble. Enjoy it while it's still worth more than zero. And by the way it's also bad for the environment.
- NFTs are any kind of visual art that can be represented digitally, but they're mostly slightly kitsch 'LoFi' digital art -- like the cartoon images of dogs and lions that get you shadow banned on LinkedIn... or like the JPEG monkeys wearing heart-shaped sunglasses that are now worth hundreds of thousands of dollars and serve as virtual mascots for bluechip brands like Adidas.
- NFTs are everything from collectible concert tickets to music albums – and are emerging goldmines for musicians and even record labels (ask Snoop Dogg).
- Gary Vaynerchuk sold one million copies of his new book in an hour, and each copy happened to also be an NFT. {I'll just leave this here: all ebooks can be NFTs}
- NFTs are avatars that represent an individual's identity and community membership in both real and virtual worlds.
- NFTs are 'in-game assets' that enable 'Play to Earn' and other forms of DeFi/GameFi.

- Or (a popular viewpoint at present): NFTs are all about ‘community’ and ‘utility’.
- NFTs can be a means of launching a DAO (Decentralised Autonomous Organisation) oriented around a certain theme/cause or community of interest/practice and based on seed funding a shared vision/objective as a corporate entity with a treasury and systems of governance.
- They are virtual real estate deeds that allow brands and businesses to set up shop in the metaverse so that they can sell us things in the real world, like burgers and stuff like that.
- NFTs can authenticate the provenance of luxury fashion items such as expensive watches and handbags. And they can also serve as luxury ‘wearables’ in cyberspace.
- Heck -- NFTs can even represent real estate deals in the real world... (already happened).... and exam certificates in the real world... (already happened)...

So WTF are NFTs? And why do they seem to defy our attempts to succinctly define them?...

GOING DIGITAL

I found myself going back to a book called ‘Being Digital’ by Nicholas Negroponte — purely on the grounds that, if history doesn’t repeat itself, it sure likes to rhyme...

First published in 1995 — back during the very early days of the ‘World Wide Web’ - it was long before the majority of people had any idea of what was coming down the pike.

A bit like the situation we're in now with crypto. Early days...

This is the crux of Negroponte’s argument as far as I understood it at the time: any ‘object’ that could be digitised and shipped as bits and bytes (as opposed to as atoms) would be digitised and shipped as bits and bytes (as opposed to as atoms).

He was dead right of course - we see the evidence of it everywhere some two and a half decades later. Indeed, the process is still ongoing. Blockbuster was in the business of shipping atoms (DVDs), whereas the

plucky challenger Netflix was in the business of streaming bits. And we know how that turned out.

Online software subscription models (e.g. Adobe) and music streaming services (e.g. Spotify) are two further examples of Negroponte's big idea playing out. These platforms took time to emerge because of the gradual roll-out and adoption of high-speed broadband (and more recently wireless) services. Negroponte was writing when people were 'dialling in' to their Internet Service Providers via excruciatingly slow modems connected to standard telephone lines. How comforting it is to almost forget what that was like...

With hindsight, it seems patently absurd (indeed verging on the Pythonesque) that people used to develop computer software and then 'burn it' onto physical platters before shipping it (sometimes literally) halfway round the world inside multiple boxes, accompanied by heavy manuals – only for the software to be installed on the computer at the other end.

To any zoomers reading: this was the norm until quite recently.

Negroponte's thesis - that shipping bits would replace shipping atoms wherever possible and practicable - was one of the most astute things anyone said during the early days of the web.

At the time, if you had taken that mantra on board and listened to nothing else, you'd have had a clear advantage over most people navigating the incoming waves of technological disruption.

So how does all this apply to NFTs?...

A THEORY OF EVERYTHING

Well... the second conclusion that I arrived at is based on the fact that, when we're trying to understand NFTs, we're looking at the proverbial finger that is pointing at the moon (when we should be looking at the moon instead).

Because no, NFTs are not Bored Apes -- and yes, Bored Apes are NFTs. I know it's kind of obvious but my point is that, whilst we're busy pointing at things that happen to be NFTs and saying "that's what an NFT is", we're failing (collectively at least) to arrive at a deeper understanding of what

NFTs really are. They're unique digital assets (with in-built authentication). One day they'll probably just be called 'assets'.

So here's my Negroponte-inspired conclusion as applied to NFTs:

Anything that can be an NFT will be an NFT.

Or, in the language of Albert Einstein: $E=NFT$ (where 'E' stands for 'Everything').

Any unique asset that has value and can be represented as an NFT will be represented as an NFT - so long as it is advantageous and practicable (cost effective) to do so. NFTs bring the much needed layer of 'proof of ownership' (through the magic of cryptography) to the digital realm. This means that anything that (a) has value and (b) is non-fungible (hint: most things are non-fungible) can - and likely will in the fullness of time - be an NFT.

SEEING THE WHOLE OF THE MOON

There's one final important realisation, which over the longer term will probably prove to be the most important (and which is therefore something I will return to at another time)...

NFTs are not static, but rather they are dynamic. NFTs can change and mutate - like a Mutant Ape mutates from exposure to a vial of serum. And NFTs can represent software code; they can trigger smart contracts; they can interact with oracles and a myriad of other software applications; and they can even be hooked up to artificial intelligence and machine learning to essentially become personalised AIs.

But we're back to the finger pointing at the moon again - talking about what NFTs are and what they are becoming.

The reality is that NFTs are none of these things. They are the *representamen*: digital signs and signifiers; capable of hosting - or at least pointing to - an infinite variety of increasingly sophisticated applications.

All of which will one day seem like we're a hundred million miles away from a low resolution JPEG of an anthropomorphised cartoon ape.

[ENDS 1726 WORDS]