Blockchain Businesses

Glossary

- Cryptocurrency
Digital money system, made safe using mathematically proven encryption methods.

- Bitcoin
The first cryptocurrency to distribute transaction history to all participants, instead of relying on a bank or other central institution.

- Blockchain
Originally, the transaction history – distributed to all participants. Now, could refer to a continuously-updated digital record – distributed to *some* or all participants.

- NFT (Non-Fungible Token)
Digital information stored on the blockchain with unique codes and data indicating ownership. Often represent images, videos, audio, etc.
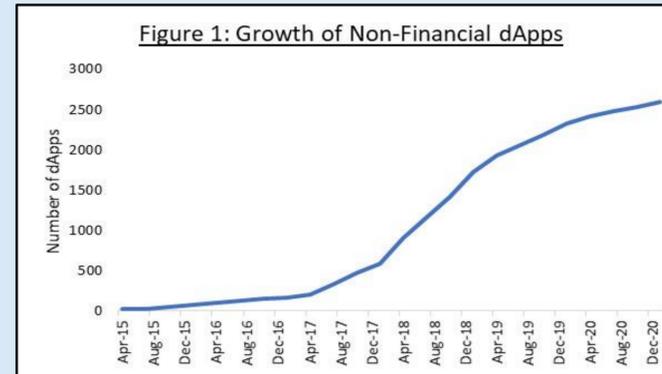
- dApps (Decentralized Apps)
Digital programs stored on the blockchain. Computers run code, reach agreement about the outcome and add it to the blockchain.
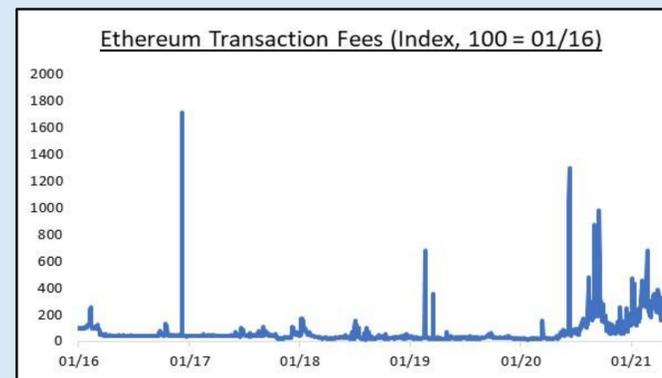
- 'Blockchain business'
I coin this term to refer to commercial activities which are only possible due to blockchain and are not speculative or related to finance.

Growth

Figure 1: Growth of Non-Financial dApps

Data source: State of the DApps (https://www.stateofthedapps.com/stats/), Method: Removing 'Finance', 'Exchanges', 'Wallet' and '' from all.

Ethereum Transaction Fees (Index, 100 = 01/16)

Data source: Etherscan.io (https://etherscan.io/chart/gasprice)

Examples

- Social media[1]
Pros:
- Monetize content
- Ownership rights – harder for firms to use content posted on their platform
- Less censorship

Cons:
- Illegal content harder to remove
- Low expected reward
- Relatively small communities

For example, 82.2% of first posts on *Steemit* earn no reward, with an average reward of $0.01[2].

- NFT marketplaces
Pros:
- Easily verify ownership of digital collectibles
- Earn royalties on secondary sales of collectibles

Cons:
- Environmental cost of adding NFTs to blockchain
- High fees for transactions and creating NFTs

New cryptocurrency innovations can considerably reduce the environmental cost and fees for NFTs.

- Other
Games: Opportunities for profitable gaming – 'play-to-earn'[3] – with clear ownership rights

Gambling[4]: Users trust that they are paid appropriately since code is publicly available.

Conclusion

The growth of Blockchain businesses is likely overshadowed by the rise in speculative uses of cryptocurrency. However, dApps allow users to profit from their work and reduce the need for trust, which could provide tough competition to centralized start-ups in the future.

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