# MUSIC BUSINESS WITH WEB3 & CRYPTO

Techstack &
Strategies on NFTs,
DAOs, Metaverse,
and more...

Asher Fishman

About me (in 60 seconds)

Ash Fishman

Here is the TL;DR about me.

- 15 years marketing, researching, and building in music
- 7 years in Crypto/Web3
- 4x Crypto/Web3 Founder
- Raised 1M USD from Co-founder of Polygon, Ali Abdaal, Tezos Foundation, and more, over career.
- Founder of Kamoona (Wallet to Twitter Converter)
- Founder of Klezma (Web3 superfan engagement platform)
- Founder of Map3 & M3
- Founded & built the first crypto hub in Tel Aviv (Tezos IL)
- Advised 22 startups at Techstars (3 exits)
- On Deck & Adweek Fellow
- Failed college basketball player
- Amateur Crossfitter and Surfer
- "Entrepreneur like an athlete" mindset.

@ohmygosh_itsash   Asher Fishman

My Story and Why I wrote This Book
(in more than 60 seconds)

Growing up music was my therapy.

In a house where clear communication was not our strong suit, I found peace and learned to communicate through music.

When I got my first legit desktop computer I spent hours searching for new music and along the years found some of the biggest artists we know today in the earliest stages of their carrier. This included Machine Gun Kelly, Chance The Rapper, Lauv, Paramore, Mac Miller, Tory Lanez, Luke Christopher, Big Sean, Paramore, Luke Christopher, Logic, mike., and more.

Whenever I found a new song on Youtube, I would go ahead and post the link on all my friends' Facebook walls (this was in the early days of the platform, around 2008 before Messenger was a thing).

Before I knew it, my friends were listening to the music and sharing it with their friends, who shared with their friends, and so on.

I quickly realized that I loved the idea that I helped other people communicate through music and helped artists in my own little way.

The thing that I didn't understand at such a young age was why these great artists were not on the radio. Why were they not known? I was too young to understand the complexities of the music industry in general.

But I did realize that if these artists weren't getting attention on the radio I would listen to on the way to school, then the best way for artists to get spread is through fan "digital word-of-mouth". Today that is called the "creator economy".

Over the years I kept spreading music on Facebook, and then Instagram, and got to the point where artists started messaging me and thanking me for what I was doing. I even got to have some cool conversations with some of my favorite artists.

As the years went on I kept trying to figure out how I would break into the music industry (little did I know that what I was doing until then was a whole division in a record label called "A&R", and people got paid a decent amount of shmekels to find new, promising talent").

In 2016, I stumbled on an article about Bitcoin and blockchain technology and my logic was literally:

"This shit is so complicated that it has to be the next big thing."

I knew that just about everything big in tech starts off complicated and hard to understand, and if I could just work harder than everyone else to understand it, I would be someone who would bring value to other people. And that was worth something.

But, more than anything I realized that there might be a way to connect this new technology to music.

I knew I wasn't technical and I had no finance background. Hell, I barely graduated high school because I ditched class to play basketball all day (I ended up playing a year in college, but that's a story for another time).

But I knew how to work hard and I knew how to do that really well.

In 2017, after becoming the president of my business school I dropped out and went all in.

I started out by running around the tech sector of Tel Aviv, just showing up to offices and cold calling CEOs, all for the chance they would give me a shot.

I got thrown out of offices and hung up on over and over again, until a few people finally said yes and hired me as a freelance marketer and BD.

I got to work with a few early stage crypto startups in gaming, media, and was a ghost writer for a couple individuals who ended up starting some of the bigger companies we know today in crypto and the web3 world.

Eventually someone suggested I work on the blockchain strategy team at Deloitte. So I applied.

After a few weeks of no response, I called the HR team a few times to check in on what was going on with my application (I learned pretty quickly right then and there that HR teams are some of the most unorganized divisions in a company).

After getting a subpar response, I decided I had nothing to lose and showed up the Deloitte Israel office unannounced, with nothing but the name of the manager of the Digital Team.

I rolled up in a button down shirt and a pair of pants.

Now, in Israel, if people see you in a button down shirt and hear you speaking english , they assume you are very important.

So when I went in and told them I was there to speak to "Amit", the secretaries ran around in circles for the next 10 minutes and freaked out looking for him.

As they were about to call him on his cellphone, I admitted that I was only there because no one gotten back to me about my application, at which point they not-so-politely asked me to leave. But not before I managed to finagle a yellow sticky note with "Amit's" email on it.

I got home that night and literally emailed everyone on the Deloitte Israel website who seemed somewhat important (I literally till this day, still do not understand half the titles that people have in the corporate world).

Finally, one of them got back to me, who was one the partners of Deloitte Israel, with the following email:

"While your experience and credentials are impressive, it doesn't quite fit our immediate needs. However – I have to admit that I was impressed with the determination and pro-activeness, hence: I'm copying Ofer, who leads DD's recruiting process and Hagai, who is spearheading our blockchain work, with a request that of them will meet with you to evaluate next steps and where might you contribute the most within Deloitte's structure.

Good luck,
Rani "

I got the interview and after what was supposed to be a 30 minute interview that only top students at my university got (I was not even close, clearly), I walked out after two hours of being rigorously interrogated with sweat stains all over my sides.

I walked out with a ruined shirt, but a recommendation for the job.

I had just completely fucked the system and won.

But funny enough, not that long before I saw an ad for a position at Techstars. I had heard of Techstars before college when I would write down all my ideas into a journal. I had this one idea of the concept of "a startup, that builds other startups". Little did I know that this was called "an accelerator".

I remember looking at the website and thinking to myself "Wow. This place is super legit. Probably only the best and smartest people work here. I'll probably never work there. "

Well a few years later after spending weeks driving the whole Deloitte Israel absolutely mad, I got the offer from Techstars and ended up turning down the offer at Deloitte (yea, they probably will never forgive me for that one).

I went on to join the Techstars team in the 2019 Barclays Accelerator and advised 10 fintech startups in the fields of both blockchain and traditional finance.

Afterwards I felt I was ready to take my crypto career to the next level, and closed a near 7-figure deal with the Tezos Foundation to found and build the first Layer-one blockchain Crypto Hub in Tel Aviv. The goal was to push Tezos adoption in Europe, Middle East, and Africa.

The vision was to make the hub agnostic, and build accelerators for layer one blockchains across the EMEA region.

After a year and a half, I saw a lot of what really goes on behind the curtains of crypto companies, protocols, and startups. Between that and me and my co-founder not seeing eye-to-eye, I left Tezos Israel.

At that time it was 2020 and the world was a mess due to COVID. There were riots in the streets of Tel Aviv , no jobs, and simultaneously a global pandemic and a global economic crisis (#goodtimes).

And I was burned out.

But, I knew that after 5 years of being in crypto and seeing so many sides of the industry, I felt I was ready to figure out the music thing.

So while there there were no jobs or money in the world, I decided it was the perfect time to try to build a startup (As you can probably tell, my logic is what most normal people would consider "absolutely insane").

And so I sold all my stuff in Tel Aviv, and moved across the world and into my mom's basement in New Jersey. I didn't come out for over a year until I felt cooled off and I figured out how I could potentially innovate the music industry and help artists (yes I had zero life).

While in the basement, I looked back at my history with music and realized that all the artists I had found back in my early days of sharing music on Facebook, were now huge.

After being in the real business world for a few years at that point, I asked myself a simple question:

"If I was one of the earliest supporters of these artists' careers, why should I not get compensated for that?"

I didn't necessarily need financial rewards (side point: that isn't always the best way to go about things especially in a creative arts industry where everything runs on emotions), but I thought and still think that I deserved some sort of extra access or special treatment for "taking the risk" or helping out in such an early stage.

And that was how "Klezma" came about.

Klezma was made to reward early supporters or "superfans" with VIP access to their favorite artists for sharing and supporting their music.

We helped artists by showing them exactly who their superfans are (data of which they do not have), and automatically rewarded them with "virtual passes" that grant them more or less access to the artists depending on their engagement.

Eventually my mom sat me down, and told me that "she loved me, but I needed to get the fuck out of her house".

So I went back to Tel Aviv to work once again for Techstars and hustle Klezma at night. Eventually I got introduced to my co-founder through mutual friends, and moved to Argentina, where he was based (no I did and still do not know Spanish #logic).

We went on to build Klezma for around 30k USD (yes I am aware that is impossible and no one does that but as you can probably tell, I am not your normal individual).

We grew and brought on investors such as Sandeep Nailwal, the Co-founder of Polygon, Ali Abdaal (Top 1% Youtuber), and more.

Then we went on to sign artists to work with us and the rest is pretty much history. We learned <u>a lot</u> along the way including what works and what doesn't. All of which I cover in this book because it is super important to share.

So now that you heard my whole story, you're probably thinking:

"I literally just wanted to understand why you wrote this book".

Fair enough. Here is why:

After promoting, researching, and building in music for the past 15 years and building in crypto and web3 for the past seven, I realized that too many people are either hiding information or too wrapped up in tech to actually connect complicated concepts to the rest of the world. And even worse, they sometimes don't actually stop to think or care about what the industry they are building in actually needs.

In order for us to actually help the industry and all the artists that could benefit from web3 as a tool, we need to make this information super accessible and show them the full picture.

We need to build legit things. We need to be transparent. We need to be clear.

To build the next generation of consumer apps and tools that truly help the music industry and artists be successful, information like this book needs to be available for everyone in an easy, digestible format.

And I believe that after all my time and experience, it is my responsibility and duty (as well as any one else's who is building), to educate and help others succeed in this new, exciting world.

So without further ado, here is my life's work. In one book.

Just for you.

Enjoy.

Acknowledgments

To the friends, family, and mentors that have seen me consistently and neurotically hustle for the past 15 years to get to the point I am at today in my career. You watched me go from sharing music all over the internet on Facebook walls in the early days of Facebook, to promoting music on Youtube and Instagram in every post, to dropping out of business school to go all into crypto in 2016, to running around the streets of Tel Aviv and showing up to offices uninvited just to have a shot, to being rejected out of entrepreneurship programs internationally over and over again, to opening up my first company that failed, to finally building my own Web3 music startup.

Thank you mom for letting me live and build in your basement for the majority of my time at ages 26 - 28.

Thank you to my mentors; Matthew Adell, Alex Luke, and David Shin, for taking a risk on a guy in his mom's basement who had no traditional music experience or was ever at a big music company, but had plenty of chutzpah and determination to make it happen. I think we all know that not many people in the music or entertainment industry would share their time and consideration so kindly with someone like that.

Thank you to my brother Sammy who helped edit. And thank you to my father for raising a son tough enough to walk through the unknown lands of crypto, Web3, and music, in such early stages of the industry, with zero fear and one big vision. Thank you for always helping me see the bottom line in business. It is something that I know many still have not mastered.

And last but not least, thank YOU for taking the time to read this. I look forward to being able to continuously give as much value as I can to you in the future.

- Ash

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Disclaimer

To keep my jewish lawyers happy, it should be noted that all information in book including (and not limited to) platforms mentioned, are only accurate to time of this writing and might be subject to change. Also not-financial advice. Also not legal advice. Take this book as my opinion and nothing more.

Now let's begin.

Intro to Web3 Music

NAVIGATING THE WEB3 MUSIC WORLD

The Bear and Bull Markets of Web3 Music

At the time of this writing we are currently in a bear market. The economy is struggling, the dollar is inflated, and people are panicking everywhere. It's not looking too great. The big question is, where does a musician fit in all of this? How does the web3 music industry and the Web3 world in general play a part in all of this? What's the difference in how musicians can act in this bear market to catapult themselves into the next bull market, compared to how they acted in the previous bull market, like during the NFT boom?

In the bull market, we saw people selling NFTs like crazy. Some were selling for seven ETH, others for ten ETH, and it seemed like anything you put out couldn't go wrong. But when the market crashed, (I knew it would), the value of almost all of these NFTs went down. That's because many of the offerings only had one-sided value, meaning that collectibles and NFTs were cool, but what was the real value that fans were getting out of these assets?

The true, down-to-earth value wasn't clear.

The Importance of Super Fan Communities

The problem with the bear market is that the NFTs that sold for high prices in the bull market now struggle to sell for even a fraction of their previous value. The issue is that they didn't offer true value to the fans. What really determines the success of an artist in both Web2 and Web3 is your ability to build a true super fan community, a group that will support you no matter what you do or where you go.

The Role of Record Labels in the Digital Age

In Web2, it was challenging to get noticed among the billions of users across platforms like YouTube and TikTok. That's where record labels came in, offering connections, capital, and support, but often taking a large percentage of an artist's profits. In Web3, the NFT boom allowed artists to raise funds and gain attention, but the hype has faded.

Web3 Tools and Technologies for Musicians

Now, artists need to treat the Web3 tools that helped them during the initial boom with the same mindset they had with Web2 tools. That means grinding, getting entrepreneurial, hustling, and being creative. There are no free lunches, and the easy times won't last. In this book, we'll focus on Web3 tools and platforms that can support your journey as an artist.

The four main tools right now are NFTs, DAOs, social tokens, and the Metaverse, which are all interoperable. We'll cover each of these tools in detail, showing you how to successfully use them, incorporate them, and work with platforms leading the way in innovation and onboarding new musicians.

THE CLASH OF WEB2 AND WEB3
IN THE MUSIC WORLD

Ethical Differences Between Web2 and Web3

Web2 and Web3 clash on a few things, including ethical standpoints. Many people in Web2 were all about building an awesome platform to interact with friends and collect data on users to make money. Basically, they owned you and your data, and you didn't see a cent from it.

On the other hand, Web3 takes a more capitalistic libertarian approach. In my opinion, this means that money should make money, everyone should win, and big central entities should take a step back. I believe this way of thinking is beautiful, up to a certain point. There always needs to be a captain of a ship or someone who can provide capital when needed or lend a helping hand.

Web3's Advantages for Musicians

The ethos of Web3 is all about fighting to regain power, and I think it will succeed. While it might not be a wild west of NFT sales and fundraising, Web3 will offer musicians more tools and community-building abilities, especially for early adopters. However, this advantage will only benefit those musicians willing to put in the work.

Legal Challenges in the Web2 and Web3 Overlap

Another area where Web2 and Web3 clash is the legal side. We've seen ICOs get shut down by the SEC and projects face issues with securities laws. This could happen to any of us at any time, reminding us that there is no free-for-all. We must be aware of rules and regulations if we want to succeed in Web2 or Web3.

The Continued Importance of Web2 for Distribution

As much as we'd like to think that we could fully rely on Web3, it's still very difficult. Web2 platforms like Spotify and Apple Music remain essential for distribution. Why? Because these companies are powerful, have many users, and people are comfortable using their platforms. Changing this will take a lot of work and not using platforms in Web2 is leaving money and marketing on the table. A simple example is when your NFT collectors tell their "non-native web3" friends about you and they search for you on Spotify.

Only to find you are nowhere to be found.

You just lost potential new fans.

Incorporating Web3 Tools in Traditional Music Industry Roles

In the future, artists may still want to focus on creating music and leave the business side to managers or labels. Web3 tools can be incorporated into these traditional roles, with deals potentially including splits from both Web2 streams and Web3 sales. This will depend on the specific agreements made between artists and industry professionals, whether that mean taking a percentage of their NFTs, social tokens, or having a specific percentage of voting power in a DAO.

Navigating Legal Aspects in Music

No matter if it's Web2, Web3, or even Web7, basic business metrics still apply. Money needs to go in, money needs to go out, and regulations need to be followed. This is true for all things web3, just like it is for startups.

The Everlasting Importance of Basic Business Metrics

There always has to be someone running the ship, and basic business metrics still apply in Web3. Community building, revenue income, recurring income, branding, marketing, and relationships all matter in Web3 and will matter forever. It's essential to keep this in mind as we navigate the ever-changing landscape of the music world.

EMBRACING WEB3 FOR MUSICIANS

Payouts, Royalties, and the Web3 Ecosystem
We will also discuss where publishers might be able to join the world of Web3 and potentially use blockchain to track rights or payments owed to artists or other relevant parties.

We'll explore how collection societies might look in the future and where different types of royalties might come into play, like mechanical and performance royalties.

But at a high-level, organizations that can use the transparency of the blockchain to see who purchased what and for how much and also potentially to see how many times something was played (this requires a somewhat deep technical layer and multiple technologies communicating between each other, so would be less straight-forward)

Of course, this would have to "make sense" for the organization to use (see what I did with the quotations there? Decent touch no?).

So, to sum up, we'll examine aspects of the tech stack, determining where managers, publishers, rights organizations, and royalty aspects fit in the Web3 musician's journey.

Open-sourcing IP

I know, I just said the biggest curse word you can potentially say in any sort of creative arts. But before we end this chapter I felt it was important to add this one, so hear me out.

The problem today about IP is consistently tracking who used the music and obviously making sure you get paid for it.

But imagine just putting out ONE song, open for anyone to use, without the months of going back and forth and wasting time until an agreement is reached between you, any other platform, and anyone representing your music. Imagine the network effect you could have and how much potential reach you could have in that same time.

As it is, you know that unless something gets big, you probably either 1) get noticed unless some serious marketing is put forward or 2) you won't make a lot of money unless you get huge. So in the long term time keeps moving and as it is you are probably going to spend marketing dollars on it.

So why not just experiment with open-source?

I know what you're thinking: how do I track it?

Well for starters, you don't let anyone "get the rights" without giving you something in return. And that doesn't mean financially (because that would defeat the whole purpose of open-source). But just as you would give away a free template on the internet in exchange for an email address, the same should be applied with giving people the open-source for collecting your NFT.

But then comes the issue of selling it. What if someone uses the open source, and then sells the NFT?

There are 2 solutions:

1) No problem, just make sure to check the wallets of people on a project that used the song to make sure they "hold" the rights. But if that is too complicated (which it probably is) then

2) Create a "Soulbound" token. A Soulbound token or NFT prevents the transfer of ownership once it is delivered to someone from the creator. Meaning, you will always know who should have the rights and who does not, and checking who does will not include checking tons of wallets for one version of an NFT.

If you were to ask me how to do it without having to give away an NFT, anything is possible in tech, but it would be more difficult from a tech standpoint as said earlier.

Overall, this kind of move could be a great marketing move to independent artists.

Okay now back to our regular scheduled programming.

The step-by-step process in building and using the Web3 tech stack

How I see the Web3 tech stack unfolding in a artists journey is as follows:

1) An artist will start their career and use NFTs to build their community. They'll be able to use that data to see who's collecting, who's not, and build a community from there. With NFT drops, they can offer different types of rewards or sell a piece of their royalties.

2) From there, they can create a DAO to give their community more power and access. The DAO can vote on different aspects of the artist's career, and

3) the artist can finance their career using social tokens. These tokens can power the entire community economy, offering incentives for fan engagement and loyalty or even represent shares of royalties

4)They can also create special token-gated events, virtual experiences, concerts, and exclusive content within the metaverse, further enriching their fan community for their supporters, collectors, token holders.

So from NFTs to DAOs, DAOs to social tokens, and then into the metaverse.

I think taking this approach can be the most effective because with each new part of the tech stack you have a bigger and bigger need to backup what you are trying to do with with a big enough fan/supporter base.

Maslow's Hierarchy of Needs in Crypto

The last thing I want to cover is something I believe is very powerful. No matter what you create - NFTs, DAOs, Social Tokens, music, art, a startup, or anything else, I always consider human psychology. I think about how our actions can fulfill human needs and wants, giving them the most value possible. This brings us to Maslow's Hierarchy of Needs.

Self-actualization
desire to become the most that one can be

Esteem
respect, self-esteem, status, recognition, strength, freedom

Love and belonging
Friendship, intimacy, family, sense of connection

Safety needs
personal security, employment, resources, health, property

Physiological needs
air, water, food, shelter, sleep, clothing, reproduction

Maslow's hierarchy of needs

Plateresca / Getty Images

Maslow, a famous American psychologist, developed a pyramid outlining the most significant conscious needs of humans. At the bottom, we have physical needs like air, water, food, and shelter. Next is safety, including personal security, money, health, and property. Above that, we have love and belonging, as we crave connections with others. Following that is esteem, which involves respect, freedom, strength, and status. At the top is self-actualization, where we understand our full potential.

This concept can tie into many areas, such as crypto, music, and Web 3.0. There's a big difference between buying something you think is cool and buying something as an investment. When I see people buying or investing in Web3 projects whether it be NFTs or DAOs or whatever and saying that they are just doing it to support artists, I call it complete bullshit. Especially when people are dropping 10's of thousands of dollars and some even up to 150,000 USD. There are very, very few people in the world that can say that type of money is not a big deal.

For people in the music industry for artists, it's really important to understand who is sitting in front of you and just accept this as a fact that people that are buying, are probably doing it because they want to do a quick flip right, and that's okay, it is part of the market.

But once you understand that, the potential you have to build a bigger and badder community grows immensely in my opinion.

Let me explain what I mean.

Once you accept the fact that a large number of collectors are just there for the financial gain, then you're able to realize there are two types of people. And that means, when building a fanbase, community, etc, you're able to target the pyramid in two different ways.

The 2 types of people are :

    1) Those that put money in and then get emotionally invested (bottom to top of the pyramid)

Work with these people on loving you and what you are doing. Get them involved. Make them feel a part of something bigger.

    2) People that get emotionally invested and then can have money in (middle to bottom).

These are people probably already like what you are doing and just want a chance and to be included, and by doing so and helping them work for the upside, you potentially satisfy the bottom part of the pyramid for them as well if you and your project are successful.

With Web3 inclusivity or governance is often based on how many tokens you have, which can shut out the majority of people, simply because they can't afford to spend a large amount of money. This is where the beauty of empowering your community comes in, giving people more opportunities beyond financial investment to get involved, such as through sweat equity.I think sweat equity is a form in web3 that has yet to be utilized fully. Musicians should consider this when building a community. Let people earn their way in by sharing your music, doing projects, or helping any way they can.

I don't think that exclusivity in general or to people with capital will ever go away fully because as I mentioned, that is just the way of the world. It is a great marketing strategy to increase demand, and there is a time and place for it, but nevertheless, inclusivity might be significantly more beneficial (as said previously).

By engaging both types of people using Maslow's Hierarchy of Needs and satisfying their needs, you can create a diverse, committed fan community. While this approach might not bring immediate financial rewards, I truly believe that in the end, having a larger community behind you can never go wrong, as it provides more support, marketing, and opportunities for an artist in the Web3 world. It will lead to long-term success. Focusing on that long-term involvement and emotional attachment to your brand as an artist can make a significant difference in the end.

TO SUM UP MY THOUGHTS, HERE IS THE TL;DR

- Develop a strong super fan community through engagement and value creation.
- Leverage NFTs to offer exclusive content and build your community.
- Establish a DAO to involve your community in decision-making.
- Utilize social tokens to finance your career and incentivize fan loyalty.
- Explore opportunities for engagement in the Metaverse.
- Understand and navigate the ethical and legal differences between Web2 and Web3.
- Ensure continued presence on Web2 platforms for effective distribution.
- Integrate Web3 tools into traditional music industry roles, such as management and publishing.
- Stay informed about legal aspects, royalties, and rights management in Web3.
- Focus on empowering communities through involvement beyond financial investment.

NFTs

THE EVOLUTION OF NFTS

Before anything, let's first define what an NFT is. An NFT, or non-fungible token, is something unique and rare that can't be copied. This idea is important when it comes to the music industry, as fans and super fans want to feel unique and special by having exclusive access to their favorite artists and content.

Let's take a quick look at the history of NFTs.

Early Beginnings with Colored Coins

In 2012, an Israeli entrepreneur named Yoni Assya introduced the idea of colored coins. These were small units of Bitcoin called Satoshis, which were given colored attributes to represent various assets. However, colored coins had some issues, including that the bitcoin blockchain didn't support colored coins and so it was up to wallet providers to support them. Due to this and other reasons, eventually, the concept lost traction.

The First NFT - Quant

In 2014, Kevin McCoy created the first NFT called Quant on the Namecoin project. Although Quant was later sold for 1.7M at Sotheby's, a lawsuit emerged due to registration issues. The reason being is that Kevin McCoy didn't create the NFT on the blockchain but rather used Namecoin, which was a software that worked with the blockchain, and Kevin never renewed the rights to the name. Someone else did instead, and hence he technically sold something he did not have the rights to.

Counterparty, Fellow Genesis and Rare Pepes

In 2014, Counterparty was founded and in 2015 they created the first ever blockchain card game called "Fellow Genesis". Then, in 2016, the Rare Pepes project was created on the platform. Rare Pepes, based on the Pepe the Frog meme, demonstrated the human desire to own something rare and valuable, even if it seemed absurd. Rare pepes got big when one sold for $37,500.

CryptoPunks and the Influence on the NFT Market

In 2017, CryptoPunks was launched, becoming one of the most influential NFT projects of all time. Algorithmically generated and entirely unique, CryptoPunks inspired other NFT projects like Bored Ape Yacht Club and remains a sought-after collection. Some companies like Visa have purchased them, which have further driven up the scarcity and demand.

CryptoKitties and the Birth of Blockchain Gaming

Also in 2017, CryptoKitties was created by Dapper Labs, allowing players to purchase, breed, and trade virtual cats. Each cat had unique traits, and the game's popularity paved the way for more blockchain-based gaming experiences.

Axie Infinity and the Play-to-Earn Model

In 2018, Sky Mavis created Axie Infinity, a game where players collected creatures called "Axies" to battle and achieve victory. The game used a play-to-earn model, allowing users to earn cryptocurrency while playing. However, the model faced sustainability issues. (Sidenote: This is an example of how play-to-earn models are extremely difficult to uphold and may not work at all.)

Decentraland and Virtual Worlds

In 2020, Decentraland was launched, a browser-based game where players could buy and sell virtual plots of land and in-game items. This project expanded the possibilities of NFTs and their applications in virtual worlds.

NBA Top Shot - A Game Changer for NFT Adoption

In October 2020, NBA Top Shot, built on the Flow blockchain by Dapper Labs, was launched. In my opinion, this was a huge push forward, as one of the biggest brands in the world started using NFTs. It gave the whole market a massive catapult into the future and greatly boosted adoption.

The NBA Top Shot platform attracted more than 1.1 million registered users and saw $800 million traded in NFTs. The platform allowed fans to own memories or exclusive highlights featuring their favorite players.

Art Blocks - Curated Generative Art

Then, in 2020, Art Blocks came out and dramatically streamlined the creation of generative art. It's an extremely unique project in many ways. The way Art Blocks works is that you pick a project you like, mint an NFT, and then your NFT's appearance is randomly generated on demand.

What's also interesting about the project is that, like a traditional art gallery, the collections offered by Art Blocks are often curated and have a high standard for uniqueness. The community comes together to curate, and Art Blocks collaborates with creatives around the world to create curated galleries. These galleries are designed to offer the best of the best in digitally generated NFT art.

Bored Ape Yacht Club - Merging NFTs with Pop Culture

Now let's jump to the most interesting part - the Bored Ape Yacht Club, launched in 2021. This is probably one of the best-known projects to the majority of the world. The Bored Ape Yacht Club, inspired by CryptoPunks, features 10,000 unique NFTs. NFT holders have full commercialization rights to the apes they own, so they can do whatever they want with them.

I think this is a really interesting way that we'll see later in music use cases, which could be very powerful in the future. The thing that really kicked off the rarity and success of Bored Apes was bringing NFTs, and Bored Apes specifically, into pop culture. They created a high-status brand that made it prestigious to own one of these NFTs. They achieved this by getting a bunch of celebrities and influential people to start owning them. As a result, the price went up, and the perks of having these NFTs gave owners access to exclusive merchandise, live events, voting rights, and more.

THE EVOLUTION OF NFTS IN THE MUSIC INDUSTRY

Pioneers in Music NFTs

One of the earliest projects in music NFTs was Uler Beats. Similar to Art Blocks, Uler Beats took a piece of music and created a generative remix after minting. Then there was Sound.xyz, an NFT music marketplace hosting drops from artists like Snoop Dogg, but mostly smaller independent artists. It became one of the biggest music NFT platforms. Additionally, projects like Royal aimed to take music NFTs to the next level by offering fans ownership of song royalties. Arpeggi emerged as a Web3 version of Splice, allowing artists to create beats, mint them as NFTs, and sell the rights to use them.

The Bull Market and Speculation

In the 2021 bull market, there was a frenzy of NFT sales, with prices ranging from 0.1 ETH to multiple ETH. People were speculating on the potential value of NFTs, but this wasn't sustainable. Fans were paying hundreds of dollars for NFTs from lesser-known artists when they could buy collectible Vinyl records from famous artists like Jimi Hendrix on ebay for less than 100 dollars.

The Bear Market and The Future of Music: Value for Fans

In the bear market, the focus shifted to providing true value for fans. Giving fans unique experiences and perks would be key to driving higher prices for NFTs in the future. A sustainable model would involve independent artists using NFTs to bootstrap themselves and offer their fans special access and perks.

A Sustainable Future for Music NFTs

As an artist becomes more successful, the value of their NFTs increases. Early supporters who built relationships with the artist can then sell their NFTs to new fans for a profit. This approach rewards fans for their early support and shares the artist's success with them. By focusing on providing unique experiences and building relationships, artists can create a sustainable future for music NFTs.

CURRENT MARKET STATE

Why Artists Are Failing in Web3 and How To Fix It

It's true and the data shows. Let's look at what's going on, get an overview on how the market has changed, and the current state of the market. This willl help us get a feel of where we were, where we , and where we're going.

Sidenote: These charts accurate as or April 2023 and are based off Sound.xyz market traction as majority of the market is there now (I think that is an issue that in Web3 we have a platform taking majority share, due to the fact that reflects the status of the traditional industry, but that is just my opinion).

The below two charts are the primary market volume and the secondary market volume.

Primary Market Volume

Secondary Market Volume
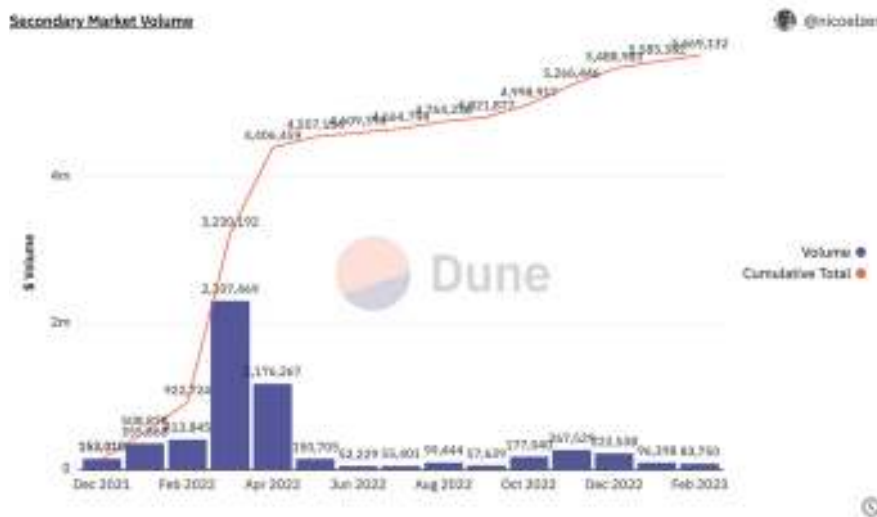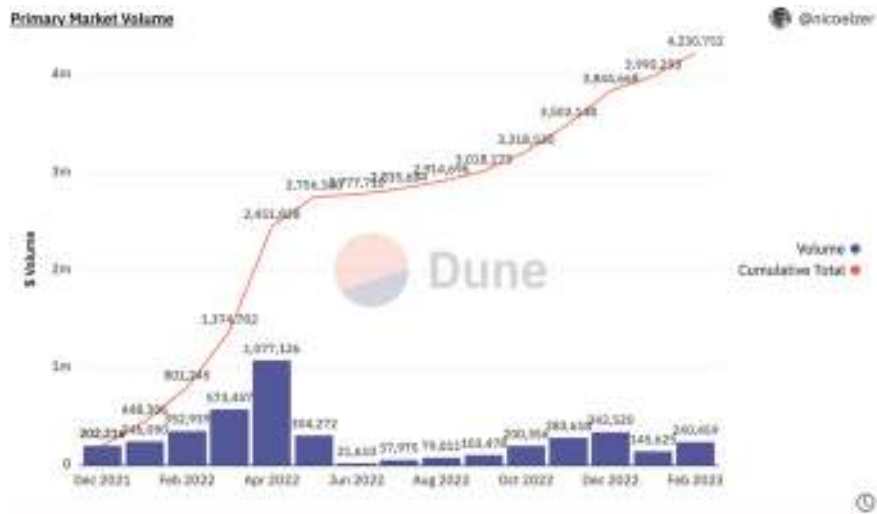
As we can see in the primary market volume, Music NFTs in general started hitting the market in December 2021 and we started growing. We had a boom in April of 2022 then a significant drop, all the way until now (with the exception of a slight growth in December 2022).

In terms of the secondary market, we had a massive drop after April and since, it has just been a little up and down, but nothing's really going on. It hit a plateau at a low and the primary market is basically almost three times the size of the secondary market.

In addition to that, the number of drops that are being done by artists are going down and getting static, while the mints/collectors are still going up, but I also think that will level out as well.

So what does this really say?

One reason this is happening is because there's no demand in the secondary market and that might be why people are not selling.

Another reason might be because people legit believe that these music NFTs are something special in a monetary sense or just a pure emotional attachment and it really means a lot to them to collect.

But my guess is that it's the former, meaning there's not really a demand and people don't see a value and I think that's because I don't see a lot of people engaging with their fans and building and growing true communities on super fan bases.

Here are some other charts that I think back that claim:

creator gross by edition count
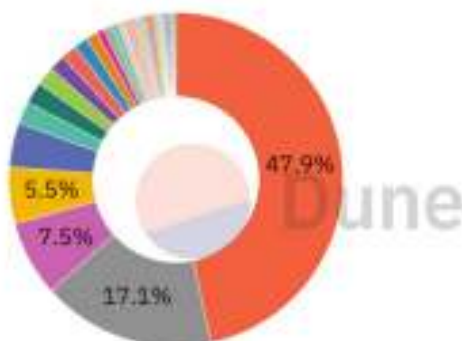
The above is a chart of the number of editions a creator has created with music NFTs. As you can see, almost 50% have only done one drop.

What does that mean to me? It says that people came, saw our opportunity, and created NFTs. But didn't come back to engage with the community again. That could be because they did or didn't do well and frankly, that is irrelevant because the end result is the same. You took someone's money and gave them a speculative asset for it and no skin in the game or perks for collecting and in my opinion, that's a massive, massive mistake.

Here we see that even in the music space, most musicians are making short-term moves.

This can be be because they're trying to do a cash grab or they're having unsuccessful drops and they're losing motivation, or there's just too much on their plate (independent artists are the same as entrepreneurs in the way that they have to do everything themselves and be scrappy, while potentially balancing a full-time job.

And the last reason I think it could be is that as mentioned previously, people are not looking long term and/or understand how big and how powerful super fans are and can be.

In addition to that, here are two charts that actually show the distribution and the number of platforms artists are using right now and as you can see, almost 80% are just sticking to one platform:

# of platforms a creator has used: distribution MNFT   @pandajackson42
creator gross by platforms

16.2%

78.8%

1
2
3
4

Sound is a clear lead in the market (which might explain people are staying put in one place)

MNFT creation gross by platform by month   @pandajackson42

catalog
glass
soundxyz
mingsongs
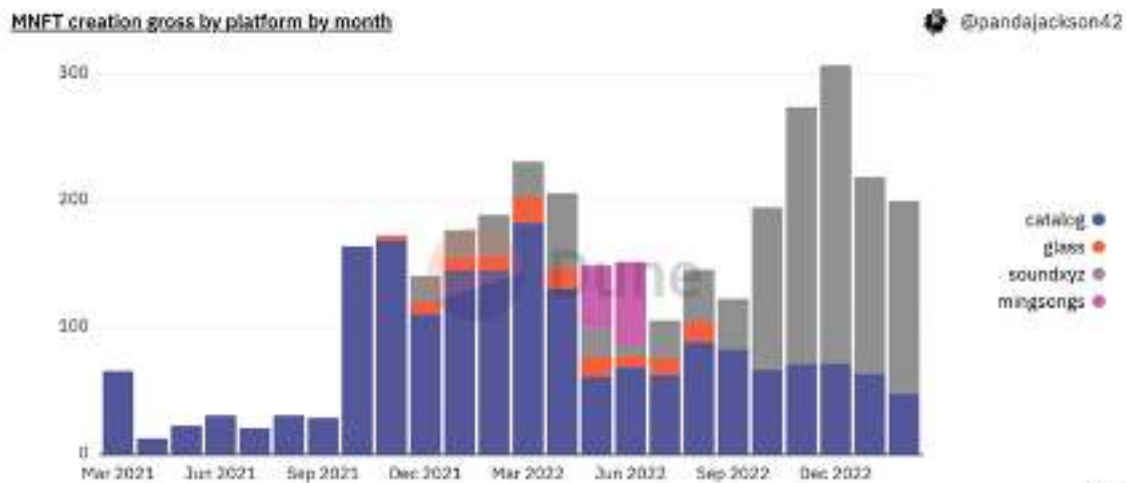
Strategies to build and keep a superfan community

So what does that say to me from a strategical standpoint? I think firstly, they wanna be on a native platform, meaning in this case most likely Sound.xyz becuase they have the largest market share at the moment and also they might have a consistent buyer community.

Secondly it says that musicians or people creating music NFTs aren't running enough experiments to see where they're getting the most success. Who's to say that you might not have success in other places and find other community members elsewhere?

And thirdly, they aren't diversifying launches, which can be an issue because if you're not diversifying and putting, you know, doing a drop, on multiple platforms and you're essentially, leaving cash on the table. This is very similar, in my opinion, to not putting your music on both web2 and web3 platforms.

So how do we fix this adoption issue? How are we going to move forward and put more liquidity in the market, get more people buying, selling, getting more value, and just overall get more people to get involved?

Based on this data, and what I've seen in the market and from building my assumption is that people/the secondary market improve once people see or feel true, true value. The only way to do that and inject that type of liquidity long term is to create true value and create NFTs that actually give value to these fans. I hate to use this word, but give true utility to these NFTs. Make them worth buying and collecting. Have them represent some sort of access, for fans and collectors and make them more than just a speculative asset.

The way I can prove that people actually want this is from a report by DappRadar where they did a study to figure out what consumers really want out of NFTs for brands. They found that the number one reason or thing that interests people to collect NFTs despite all the hurdles for the average user aka "non-web3 natives" is that 30% more people wanted earnings and savings over asset management or asset ownership.

"Earnings & savings" and "asset ownership" are the most important benefits to customers

Earnings & Savings — 31%
Asset Ownership — 22%
Gaming & Metaverse — 18%
Membership & Access — 18% — Higher representation of experienced users
Identity — 17%
Tickets & Admittance passes — 13% — Higher representation of new users
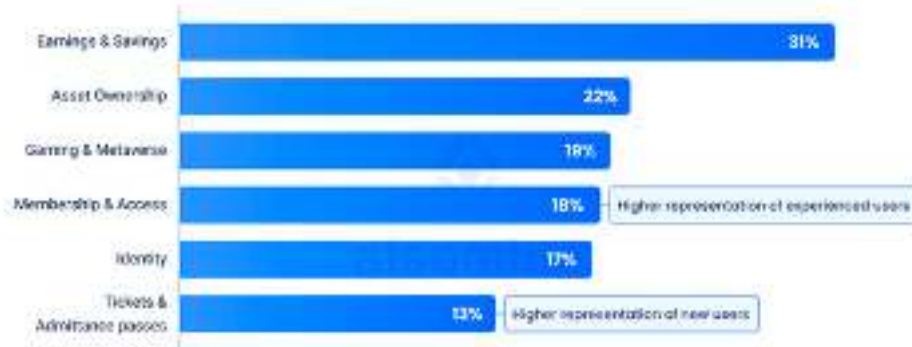
But in addition to that, three out of the six meaning <u>50%</u> of the things that people wanted to collect for were things that are very easy to understand and perks that any day-to-day person can understand.

I think that shows what we should be focused on or at least mirrors what we should be focusing on in the music space, because at the end of the day, as a musician, the bottom line is you are a business and you are a brand. The way you treat your fan base and the way you treat your music and the way you treat your customers, is what will make or break your success. Realize who your super fans are, in both web2 and web3 and give them more for their loyalty.

Here's one last chart of the buyers over the past year or so:

MNFT buyer by month by type
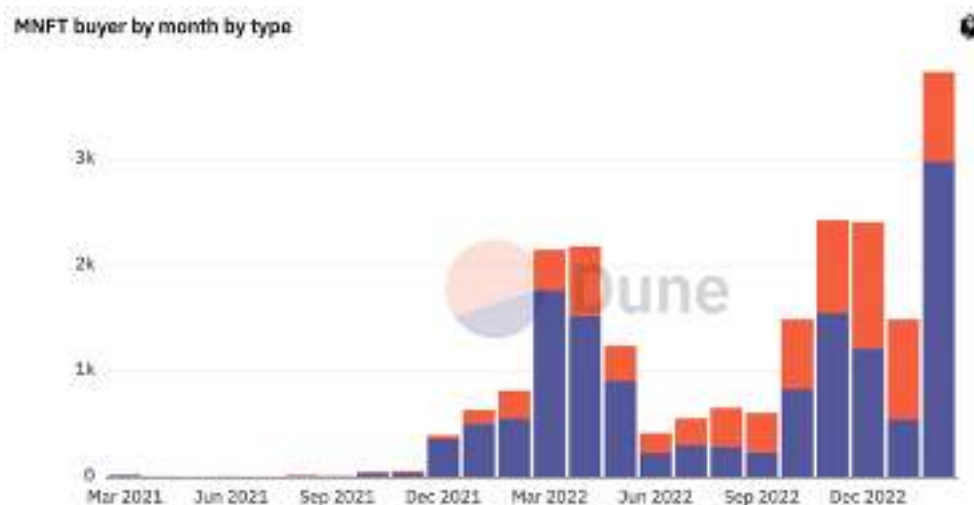
As you can see, even though the number of returning collectors/buyers is growing, it is still a small amount of people compared to the amount of new collectors/buyers. So even in web3 there are loyal collectors and superfans and if you can figure out who they are, that's a great data point to use to bootstrap that community and grow it.

So just to sum up, there are those that collect for speculative reasons, and there are those that are here to stay. So why not reward them? By rewarding them and overall focusing on true relationships and brand, I think we can revive the market. A good way to do this might be to to do free giveaways and then see who is collecting and once you feel you have a good relationship with returning collectors then go ahead and slowly start charing a little more every time.
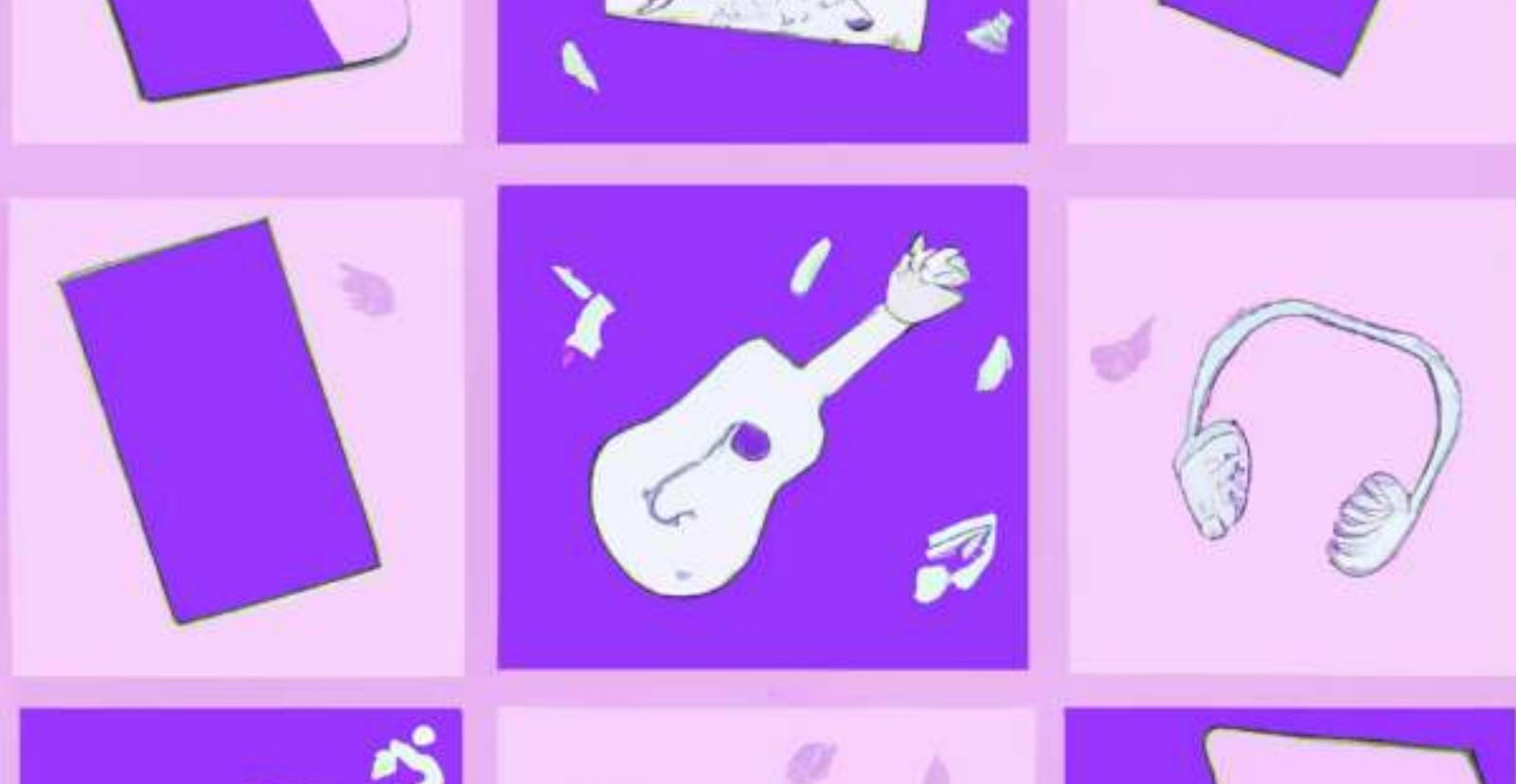
EXPLORING NFT USE CASES FOR MUSICIANS

Choosing the Right Platform

Various platforms cater to different needs when it comes to creating and minting NFTs. For a regular mint, you can use platforms like Sound.xyz. If you want to create interactive music NFTs that offer potential marketing advantages and additional revenue streams, consider Arpeggi due to their ability to create an NFT out of your production and allow others to remix it on the platform, and afterwards share it.

Another option is to explore Royal, a platform that enables you to share streaming royalties with your fans, treating them more like investors. This approach can provide upfront advantages and build a unique relationship with your fanbase.

For understanding and rewarding your most dedicated supporters across both Web2 and Web3, use Klezma. This platform helps you identify your super fans and offer them exclusive access and rewards.

Engaging with Fans through NFTs

In addition to the platforms mentioned earlier, other creative NFT use cases are emerging for musicians. One such example is Royalty NFTs. However, be cautious when dealing with these, as they can be legally complex and tricky to navigate.

Another innovative way to engage with fans is by granting NFT holders commercial rights to a beat or piece of music. This approach mirrors what the Bored Ape Yacht Club did with their NFT holders, giving them commercial rights to individual NFTs. By offering generative beats or remixes with commercial rights, you can create a unique and personalized experience for your fans.

NFT Strategy Ideas for Musicians

Some musicians may consider offering a free mint of their NFTs, rebranding them as digital virtual passes instead of using the term "NFT." This can make the concept more approachable to a wider audience.

To further improve accessibility, try making wallet connections optional. Many people are not yet familiar with or interested in using crypto wallets. Offering an alternative for those who don't want to connect their wallets can help you reach a broader audience and avoid excluding potential fans.

Remember, as NFTs and wallets become more popular, their usage will increase. However, until they become mainstream, it's essential to consider all potential fans and make the experience as inclusive as possible.

MANAGEMENT AND ROYALTIES

In the fast paced world of web3 music, it's essential to stay up to date with new developments, such as how management splits and royalties are handled. Let's explore this exciting landscape and uncover the opportunities that lie within.

Utilizing Splits for Management and Operations

When it comes to dealing with operations and the like, involving a manager or other parties is crucial. To make things simple, use your splits to automatically divide sales from on-chain transactions, such as NFTs. This makes it easy for everyone to get their fair share without any headaches.

The Future of Record Label Contracts and NFTs

In the future, I wouldn't be surprised if record labels start requesting a piece of your NFT sales. As a matter of fact, I've personally worked with managers who wanted a share of NFT revenue, and it's becoming more common. Keep this in mind as you navigate the world of contracts and negotiations.

Building a Strong Community with Wallet Addresses

If you're aiming to build a true community around your music, collecting wallet addresses is a great strategy. By gathering this information, you can gain valuable insights into your fans' preferences and habits.

Leveraging On-Chain Data for Marketing and Business Success

By analyzing on-chain data from your fans' wallets, you can identify trends and commonalities among your most loyal supporters. This information can help you create a persona of your ideal fan, which can then be used to guide your marketing efforts and business decisions. In the end, using this data strategically will lead to greater success in the music industry.

THE POWER OF ON-CHAIN REPUTATION AND NFTS

On-Chain Reputation in the Digital World

On-chain data and on-chain reputation are essential in today's digital world. I firmly believe that in the future, people will examine your digital wallet to see if you're genuine or just faking it. They'll want to know if you truly are a crypto enthusiast, if you were one of the first supporters of a particular artist, or if you were involved with specific projects.

The Fan Psychology & Clout behind NFTs

This trend has already started to emerge among collectors. They want others to know they collected something unique, and they were there when it all began. The popularity game we see on social media today, with blue checks and follower counts, will extend to digital wallets. People crave recognition, attention, and a sense of importance. By handing out free NFTs and tapping into the power of these digital tokens, we can cater to fan psychology.

NFTs as the Gateway to Web3

In summary, NFTs are an incredibly powerful tool. They serve as the entry point to everything related to Web3 and are the easiest concept for people to understand when used correctly.

Tools and Possibilities with NFTs

There are already numerous tools available for creating, minting, distributing, and showcasing NFTs, although we still need more. With these tools, we can develop unique use cases, harness data, and create landing pages, further enhancing the potential of NFTs in the digital realm.

<u>THE EXCITING FUTURE OF NFTS</u>

NFTs as Community Building Tools

And NFTs. What do NFTs look like to me in the future? NFTs, for me, are the first entry point to start building a community. They can be digital collectibles, limited editions with perks, virtual passes, or different ways for people to show the world that they were one of the first or most engaged members. It'll be a really cool way for people to be rewarded for their engagement and gain more access through token gate experiences.

NFTs and DeFi

As an artist grows and the value of their NFTs increases, we're going to see NFTs in the DeFi world. If you want to take out a loan and you have a valuable NFT, you could potentially use it as collateral. So, imagine an artist creating access passes to their events, experiences, or other items that are now worth a lot of money. People can use those as collateral to get a loan for something like a home. I think that's a really cool development.

Enhancing Direct Engagement with Fans

NFTs allow you to truly own your community because collectors will follow wherever you go. This means you can reach them directly without any intermediaries. We're going to see messaging and emails sent directly to your wallet with your permission. This opens up new ways to engage with your fans and communicate with them directly.

NFTs and Royalties

In terms of the future of NFTs and royalties, blockchain technology could potentially eliminate the need for middlemen to collect and distribute royalties for artists. If everything is on-chain, we can track who's playing what and who did what. Although we're still a long way from this technology-wise, I can see a future where artists get rewarded with mechanical royalties based on how many plays their NFTs receive.

NFTs as the New Vinyl

I see NFTs as the new kind of vinyl, where people buy them and artists make money from the initial purchase. In the future, we could have a system where people pay a tiny percentage, like a hundredth of a cent, to play a song or an NFT music piece, and those payments add up and go back to the NFT holders, collectors, or the original creator. This could lead to new ways of distributing Mechanical and public performance royalties.

Think of NFTs as a digital vinyl collection in your home, a library where you can pick and play your favorite tracks. People are building NFT music aggregators online, showcasing their collectibles to friends and family on a screen while playing them through a sound system. This offers a unique experience for collectors and super fans, adding more utility than just playing a song, like access to exclusive content and new ways to interact with the artists they love

NFTs and streaming

I have a hard time seeing a future in which streaming is completely based off NFTs. Technically anything is possible, but it would take alot of technology communicating off & on chain (the blockchain) in order to have a "true decentralized" streaming service. I also do not see a need. What I can see is a future where depending on how often you stream or if you are a top listener or a first listener, you receive a reward of an NFT.

Payouts and royalties with NFTs

So where might NFTs come into play with PROs and MROs and overall royalties? If there is some future somehow where NFTs become part of streaming and we are streaming music using NFTs, then we will be collecting both public and mechanical royalties as we do when someone streams from Spotify. In the event that NFTs become similar to the next Vinyl, then artists will probably only collect Mechanical (as this would be similar to picking up a Vinyl in the store). We can also have a situation like we described before, where NFT holders get a piece of these royalties.

TO SUM UP MY THOUGHTS, HERE IS THE TL;DR

- Research the history of NFTs, their strategies, and impact
- Brands, celebrities, and pop culture can all influence NFT adoption
- An NFT is nothing without focus on building relationships
- Investigate innovative NFT use cases for musicians, including royalty NFTs and granting commercial rights
- Consider ways to make NFTs more approachable and inclusive
- Learn about management splits and royalties in the music business
- Understand the potential impact of record label contracts on NFT sales
- Analyze on-chain data such as wallet addresses to inform marketing efforts and business decisions
- On-chain reputation and fan psychology is extremely important in the digital world
- NFTs are the gateway to Web3 when it comes to starting a community

No matter what you do, always adding just more utility than just being able to play a song, whether it's access, whether it's another way to interact, is always better long term for you and for the fan. Give true value.

Put fans first and watch yourself grow.

DAOs

DISCOVERING DAOS AND ONLINE COMMUNITIES

To start off, let's have a quick definition of DAOs. So, what is a DAO? To put it simply, without getting too technical, a DAO is essentially an online community that stays aligned through shared financial or community-building goals, using smart contracts and a shared bank account or voting system.

The Rise of Online Communities
Now, DAOs are very interesting because, in the past few years, online communities have grown massively. As we know, people are spending more time online than ever. The data shows that 76% of internet users participate in an online community. On Facebook alone, there are 1.8 billion people using groups every single month. Why is this happening? One reason is that 64% of people say social media has had negative effects on the way they feel. But more importantly, 98% of people who belong to an online community or group feel a sense of belonging to that group. We all know that being part of an online community and helping people feel great can lead to increased engagement and more.

Since the outbreak of Covid-19, online community participation has increased by 81%, and 82% of online community visitors indicate that they're engaged with brands in online communities. Four out of five of them are ready to participate immediately.

The Power of Belonging and Engagement

Well, for starters, the fact that 98% of people who belong to online groups feel a sense of belonging is a powerful way to help your fans feel more attached to you and more emotionally invested in what you're doing. This is important because, as consumers, fans, and so on, the more we emotionally connect and relate to something, the more we're willing to put our hard-earned cash into it or spend time, effort, and energy on it. So that's a huge thing.

The fact that four out of five people say they're immediately willing to participate shows their eagerness. It demonstrates how much people want to be involved with something, have that attachment, and have a say in it.

DAOs: A New Frontier for Online Communities

In the future, DAOs could very well be the new frontier for online communities if done correctly. But in order to understand what does "correctly" mean, let's take a look at some statistics from DAOs and the success of DAOs over the past couple of years.

DEMYSTIFYING DAOS

The Current State of DAOs

At the time of this writing, according to DeepDAO, there's about $12.7 billion in treasuries across the DAO (Decentralized Autonomous Organization) ecosystem. That's a lot of money, and it's not something to joke around with. But aside from the impressive number, there are other factors we should consider, such as engagement.

Engagement and Participation

Engagement is challenging to maintain and improve in any organization. If we take a look at the largest DAO in the crypto world right now (again, at the time of this writing), Uniswap, it has around 360,000 token holders. According to DeepDAO, it averages between 6%-7% participation, which is approximately 1600 average votes per proposal.

What does this tell us? Is the majority of it hype? Partially. Are people only there to make money? That's also part of it. Economics drives behavior, but are all these DAOs truly giving back to their members in some way?

The Financial Side of DAOs

How do DAOs like Uniswap make money? It's clear that they take a percentage of every transaction on their platform, which can be reinvested into the DAO and used for the project. But not all DAOs operate the same way. If you're building a community, it's crucial to understand that you need to be careful about how money flows in and out. Whether you call it a DAO, an LLC, or something else, it's still a company and needs revenue.

Issues in the DAO Ecosystem

DAOs are still in their early stages, and there are many questions to be answered. There are several issues in the DAO ecosystem, such as governance and other concerns. Before we dive deeper into these issues, let's explore the types of DAOs out there that could be used as in music.

THE ROLE OF DAOS IN MUSIC COMMUNITIES

The Two Types of DAOs in Music

The question we want to explore is how DAOs are related to musicians and their communities. In the music industry, DAOs can serve two main purposes:

Firstly, there are basic interactive DAOs, where people can vote on things, feel engaged, and be part of a community. Members might pay a membership fee to join this curated community, not to earn money but to enjoy exclusive experiences, like what Soho House offers. In this case, the focus is on providing the best experience possible for the members.

Secondly, there are fundraising DAOs, which collect money and function like venture capital firms, investing in and supporting various projects and startups. BitDAO is a good example of this type of DAO. In this model, it's essential to carefully plan revenue models and determine how to reinvest earnings into the business.

Creating a DAO: Balancing Fan Experience and Financial Rewards

Translating this concept to music terms, if fans invest in a musician's DAO or a management group that is allowing people to invest in their chosen talent and/ or expect a percentage of royalties in return, the musician/team must work hard to generate revenue. Failing to do so can damage their reputation and relationships with fans. It's important to tread carefully when creating a DAO and consider the implications of this as well as a "decentralized record label" (more on that later).

Governance and Potential Pitfalls in DAOs

Governance in a DAO is a complex concept. It's challenging to fairly distribute power among members. Various models have emerged to address this issue, assigning more or less power based on member engagement. However, there are still many potential problems with voting systems in DAOs. For example, if voting power is based on the number of tokens held, the DAO can become dominated by wealthy members, while others with good ideas may never have their voices heard. Alternatively, if voting is based on wallets, people can create multiple wallets and manipulate the system.

Building a Successful DAO in the Music Industry

Ultimately, it's essential to believe in people and build a strong community with user-friendly tools and experiences. There will always be some degree of corruption when humans are involved, but focusing on creating a positive environment can help mitigate these issues. For artists, forming a DAO with their team can be a great idea as it allows for quick feedback from fans on beats, lyrics, projects, and more and financial alignment with their biggest fans.

<u>EMPOWERING ARTISTS WITH DECENTRALIZED COMMUNITIES</u>

The Benefits of Aligning Financial and Emotional Incentives

PROS	CONS
Alt to label	Governance issues
More freedom	New tech on chain vs off
Deeper relationships with fans	Vunerabilities
Incentive alignment	Inexperianced Leads

When your fans are not only emotionally attached to you but also financially invested, it can create a whole new dynamic. This connection frees you in many ways from bad deals. Record labels don't have to be your only source of capital or marketing anymore. There's a lot of cool stuff you can create from DAOs (Decentralized Autonomous Organizations), and your management and team can be the people with the most voting power. In some ways, they can create an organization where they're getting paychecks from the community, which can be really interesting.

Building a Decentralized Record Label

This concept can easily evolve into a decentralized record label. Instead of going to an organization like a traditional record label and having them determine your worth, taking 50 to 90% of everything you make, now you have more options. You can have a community that backs you financially and emotionally. You tell the community what you're willing to give, and if they agree, they'll support you. Having people emotionally invested in you means they believe in you. You might even get a better deal out of it.

If you curate the right community, you can have marketers, business development professionals, and A&R specialists. Depending on your engagement with the community, you can get a paycheck yourself based on your involvement. There's a lot of cool stuff that could be done with DAOs. The best way to start is as simple as possible: build your community, figure out who's engaged, and then go from there.

The Importance of Specialized Roles within a DAO

While there's a lot of buzz about decentralization, it's important to remember that there's always someone running the ship. If you have someone on your team or a manager who's been in the music industry and has successfully developed major stars, there's value in that experience. Not everyone should have a say in every little thing. Another idea is that it might be better to have "sub DAOs" as part of governance, where people who specialize in certain things, for instance - marketing, have a stronger say in marketing decisions, and those in business development have a stronger say in business development matters.

At the end of the day, don't get lost in the sauce. There always has to be someone manning the ship, and they have to take their responsibility very seriously. If they act badly, they can ruin it for everyone

THE FUTURE OF MUSIC: THE BUILDING BLOCKS OF A DECENTRALIZED RECORD LABEL

Pause.

We just witnessed the first three-lined chapter of this book.

Can we take a second to appreciate the length in awe? Also it's a really strong title if I may say so myself.

Cool. Now back to the book.

A New Way to Finance Your Music with Transparency
Keep in mind that if you want to create a DAO where your community finances you, and your fans invest in you with the intention of making money back as your decentralized record label, it's probably a good idea to show your fans your balance sheet. I'm not sure if many DAOs do this.

I have seen people do this before in certain DAOs, but I'm willing to bet there are more than enough DAOs that aren't doing this. Maybe some only do it within a private community, But at the end of the day, if you are building a DAO and your community is investing money in you, expecting a return, they should know what's happening. I don't think enough people are being as transparent as they should be.

Balancing Transparency with Leadership

There's a big movement now for CEOs to be transparent about their company's revenue and financial numbers, and I think that shouldn't be any different in a DAO. Especially if people are investing their money, They should know what's going on, like any investor in a startup.

In general, in crypto, if you're buying any sort of token, it's only fair for the company, community, or people in charge to release some sort of balance statement or provide information on what's going on. This way, we can avoid another FTX scandal.

There's a time and place for everything and I don't necessarily think we should always show everything. It depends on the situation and the people involved. In the beginning stages of a project, I try to put good faith in the CEO or the person leading the company to make the right decisions without putting too much pressure on them, as one can never see what a leader of any organization sees. There are certain decisions that only the "top dog" can make and understand. People looking from the outside might not get it, and that's part of being a leader.

As you can see, there are a lot of issues and things to think about in DAOs. But over time, I'm sure we'll figure them out when the buzz, the smoke, and all the fun stuff fades away. Because this is something that can be super powerful, but we need to understand how to utilize it.
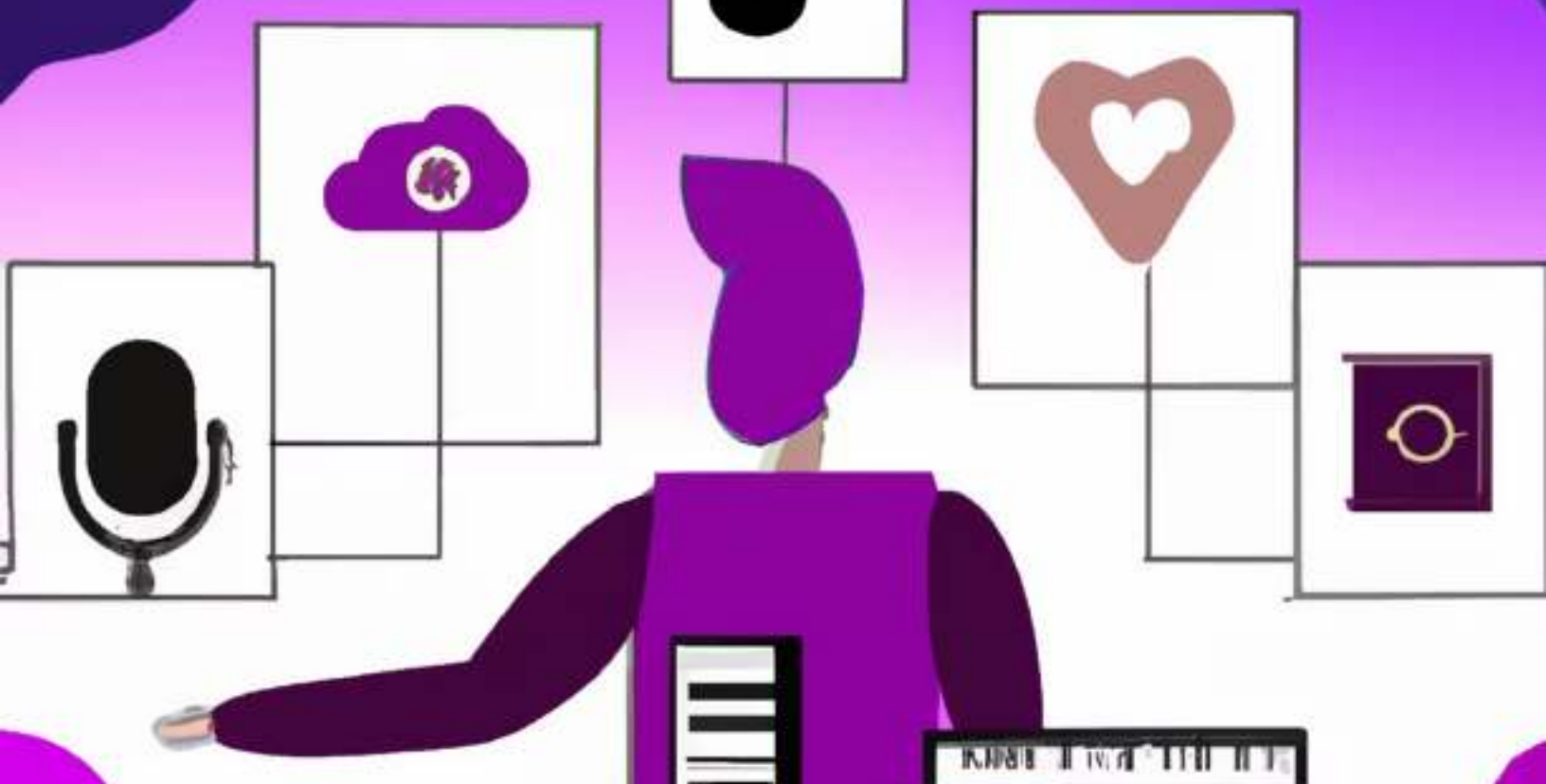
STRATEGIES TO HARNESS THE POWER OF DAOS IN THE MUSIC INDUSTRY

Bootstrapping a DAO with NFTs and Social Tokens

NFTs are an excellent way to kick off a DAO. If you can successfully manage an NFT community, you can then progress to a DAO and eventually to social tokens. We'll delve deeper into social tokens in the next chapter, which are quite complex and have their own set of challenges.

DAO Ideas for the Music Industry

Regarding music-centric DAOs, several ideas come to mind:

- Art fans can vote on artists' music.
- Fans can collaborate on artists' music.
- The DAO rewards the community with "X" for promoting new music across the internet, similar to Klezma, but without the entire DAO aspect. This approach incentivizes super fans to share your music, especially if they have a stake in the game.

- Establish a decentralized, community-owned record label. The community finances the label or a specific artist, and you decide on the returns they'll receive, making them your investors instead of a traditional record label.

DAO Governance Models and Fan Engagement

Earlier, we touched upon DAO governance models, discussing how varying levels of power and voting rights could be assigned based on members' contributions. This system can potentially boost engagement. Typically, people fall into different categories when contributing to a DAO:

- <u>Regular Fans:</u> Passive community members who may have bought in, joined the Discord server, or own the token.

- <u>Semi-Interactive Fans:</u> Slightly more engaged, these fans vote on various matters every few months.

- <u>Super Fans:</u> Highly involved in all aspects, super fans donate money, help with marketing, and provide other necessary support.

- <u>Main Squad/Artist Team + Management:</u> Comprised of individuals with the most voting power, this group handles day-to-day operations and is fully committed to the organization or artist's career.

Considering various DAO governance models and fan engagement is crucial when exploring the world of DAOs in the music industry

BUILDING YOUR FANBASE WITH DAO TOOLS

Token Gating Tools: Collabland and Guild
Some tools can help when you're building a community with a DAO. I'll give you a few examples to help visualize what this could look like. If you choose the route of dropping NFTs first, building the community, and then token gating later on for the chat and other features, you could use something like Collabland. This tool verifies NFT holders, allowing them to access a Telegram or Discord chat. Another good token gated tool is Guild, which helps users access web2 platforms based on the tokens they're holding.

Voting Solutions: Snapshot and Moloch
For voting, you could use Snapshot for gasless voting or Moloch for on-chain voting. Snapshot is off-chain, making it suitable for gasless DAOs.

Reputation Tracking with Pantheon
In order to track people's reputation and see how active they are, you could use Pantheon.

Fundraising and Investing: Commonwealth

If you want to create a fund for your career, you could use Commonwealth. This tool is like a GoFundMe, allowing people to invest in you and help build the community's's resources.

Task Coordination and Rewards: Coordinape

Coordinate is a useful tool for automatically rewarding people based on their engagement with the DAO and task completion. If you need a marketing team, music distributors, or other helpers, Coordinape can be a good choice.

An All-in-One Solution: DAO House

For an all-in-one solution, you might consider DAO House. It's a no-code platform that could be helpful for those who aren't technically savvy. DAO House can assist with managing, growing, and distributing a treasury, as well as providing funds for your career.

Note: These tools will change / evolve, or shut down over time. These are just a few that might be relevant at the time of this writing.

EXPLORING GOVERNANCE MODELS FOR MUSICIANS

In this chapter, we will explore various governance models from different decentralized autonomous organizations (DAOs) to see how they can be applied to a musician's fan base.

Constitution DAO: The Big Boom

The first governance platform we'll look at is the famous Constitution DAO. About a year ago, this DAO made headlines when it aimed to collect enough money to buy a copy of the U.S. Constitution. They managed to raise an impressive $47 million worth of ETH, showcasing the power of online communities. Although they didn't end up purchasing the constitution, it's a great example of how DAOs can pool resources to buy and share ownership of assets.

ENS DAO: Three Layers of Control

The Ethereum Name Service (ENS) DAO is another governance model worth examining. ENS allows you to buy Ethereum domain names on the blockchain. The ENS DAO has a three-layer approach to controlling its governance process:

- Discourse of proposals
- Off-chain voting
- On-chain voting

It's important to note that most proposals begin in a forum or on Discord before being put up for a vote. The ENS DAO also has three types of proposals:

- Social proposals
- Executable proposals
- Constitution amendments

These proposal types can be applied to a musician's fan base, depending on the complexity and level of involvement required.

The proposals can be categorized into the DAO's four work streams, which include:

- Governance talks and changes in meta governance
- Proposals relating to the community
- Promoting ENS adoption and creating a vibrant ecology with the ENS Ecosystem
- Suggestions for public welfare

Each group, or workstream, includes five stewards, who are essentially the organization's operators. They perform the following tasks:

- Managing operational responsibilities connected to a working group's administration

- Developing working group goals for the term and a clear road map for accomplishing those goals, which should be published in the ENS governance forum during the first 30 days of the term
- Maintaining a description that outlines the working group's emphasis and objectives
- Requesting funds from the DAO for a working group
- Approving and making financing available to sub-groups, workstreams, or contributors within a working group

These ENS DAO structures provide valuable insights into how musicians can apply similar strategies to organize their teams and engagement with their fan base and build a sense of community.

Friends with Benefits DAO: Organized Voting

The Friends with Benefits (FWB) DAO is another governance model to consider. It started as a simple consensus model but later pivoted to a multi-group model using Discord for communication and papers for finalizing proposals. The DAO uses a system that allows users to upvote proposals they find interesting. Once a proposal gains enough interest, the team steps in to refine it to clean it up, and make it more official.

This system helps streamline the voting process, making it easier for the community to engage and express their opinions.

Juice Box: The On-Chain GoFundMe

Finally, let's look at Juice Box, a platform that enables projects to raise funds using Ethereum smart contracts. Essentially, it's like an on-chain GoFundMe. They take 5% of all funds raised for each project and distribute JBX tokens to those who use Juice Box, granting them voting power in the DAO.

Juice Box organizes its operations into different teams, each responsible for specific tasks. However, unlike the ENS DAO, team members don't have the final say on decisions on a specific topic or the part of the business that team works on. Instead, they help maintain organization within the decentralized organization.

These governance models provide valuable insights into how musicians can apply similar strategies to engage their fan base and build a sense of community.

THE FUTURE OF DAOS AND THE MUSIC INDUSTRY

The Future of DAOs
So, long story short, where do I see DAOs going forward and what are some things to do to increase chances of success?

The Role of DAOs in Artist Growth
I see DAOs as being able to essentially become a new way for artists to bootstrap their careers, get funding, and get engagement from their fans. They can also reward their fans directly for their continuous engagement. Essentially, the DAO can become a community decentralized record label and a way to fund musicians later down the line, if done correctly.

As a sidenote, I don't know what the name of a DAO will be in the future but I am sure it will change. We saw that with "PFPs", to "NFTs", to "digital collectibles". We even changed the name to "virtual passes" at Klezma.

We covered a lot in this chapter and as DAOs are an extremely complicated topic, I'm going to put the summary of the overall concepts we covered that I think will help the future of DAOs alot.

The Power of Fan Engagement

DAOs can be a really powerful thing for artist/fan relationships, and for an already bootstrapped community. In my opinion, with NFTs, you could start with DAOs straight if you already have an existing fan base.

Challenges and Transparency in DAO Governance

However, they have a lot of issues. The governance is really complicated. You should be extremely transparent, like insanely transparent, to you and your fans. They can be easily manipulated. So be careful. Your fans can be your investors. Keep in mind, economics do drive behavior.

The Evolution of DAOs as Record Labels

In the future, I do believe DAOs will become independent record labels themselves. Managers and the founding team of an artist can easily get their splits as being part of the founding team and get paid full-time from the DAO itself as the founders of the DAO.

Revenue Generation and Sustaining DAO Growth

Again, do remember that a DAO is a company and it must have revenues. So, whether that's collecting revenues from streams, NFT sales, artist concerts, or more, those are all ideas that can bring revenue to a DAO and help the DAO grow. Speaking of which, where might DAOs come into play with PROs and MROs and overall royalties in the future?

Payouts and Royalties with DAOs

Since a DAO is another form of an entity, a DAO would simply be collecting the payments from all rights organizations. This would be as an artists, or potentially as a decentralized/community led record label, where a "sub-entity" in the DAO is a publisher, MRO or PRO themselves (again just putting out all the possibilities). Aside from that you could have a situation where the community could vote as to where that money goes or how much to give the publisher in a negotiation in an artists career. In the future these concepts would very much help artist/fan collabs and relationships.

TO SUM UP MY THOUGHTS, HERE IS THE TL;DR

- DAOs are online communities with a shared bank account or goal.
- DAOs are entities. Consider them a business / LLC. They need revenue to survive.
- Engagement is one of the hardest parts of DAOs, along with governance.
- There are 2 types of DAOs in music communities 1) interaction/engagement DAOs (such as fan voting and collaboration) 2) Fundraising/rev share.
- If you build one, make sure the fan experience is at the core. Serve your supporters as you would a customer. This is what will make you successful.
- Be aware of governance potential pitfalls in DAOs, distribution of power + common sense is probably the best way forward.
- Aligning financial and emotional incentives for fans to artists could be powerful and be part of the building blocks of a decentralized/community led record label using a DAO
- Understand the importance of specialized roles within a DAO as part of the governance if there is a team. Base things off engagement/support with fans and part/full time with team members.
- Maintain transparency in your DAO, especially regarding finances.
- Use NFTs to bootstrap the community to build a DAO
- Check out other governance models and their impact on fan engagement.
- Use tools to help you with operations.

Social Tokens

<u>THE FUTURE OF A CREATOR IPOS WITH SOCIAL TOKENS</u>

Okay, so now let's talk about social tokens. Social tokens are a really, really interesting concept to me because, in my opinion, we are the earliest in this area, other than metaverse and DAOs. It's still somewhat unclear to me where social tokens will fit into the whole mix. In general, I'm curious to see where they end up. They're extremely complicated in many ways and have hurdles, but they can also be extremely powerful if executed well. So let's talk about them.

Introduction to Social Tokens

First off, what is a social token? In simple words, a social token is the ability for someone to tokenize themselves. They can create, for lack of a better word, "shares" of themselves or their entity and offer a piece of themselves or the entity to shareholders or collectors. Although, I wouldn't say collectors; I would compare token holders closer to shareholders (we will see why soon).

The value of the social token could come with limited supply. As the person or organization (more so the person, if we're talking about musicians) moves forward in their career and scales, those tokens can increase in value.

Comparing Social Tokens to NFTs

So you might ask yourself, where does this come into play? How is this different from NFTs? Well, let's start with the second question. The biggest difference between social tokens and NFTs is two things. One, an NFT is non-fungible, meaning in an NFT collection, you can have very different items. For example, in the Bored Ape collection, the first NFT could be very different from the last one, whether it's the first edition versus the last edition, the image itself, the art, or whatever it might be. Whereas a social token is fungible; there is no difference.

The second difference is that with social tokens, you absolutely need tokenomics. How those models look, whether it's a bonding curve or whatever it might be, is extremely complicated.

Tokenomics and the Complexities of Social Tokens

Tokenomics is a whole other topic. It's mathematical, scientific, and artistic. It's something that I personally can't comment too much on. I've seen token models and so on, but keep in mind that although social tokens are a great way to "fundraise" for a company or a person and provide shares back to investors in the form of social tokens, they are very complicated from a token economics standpoint.

EXPLORING SOCIAL TOKENS

Funding and Tokenizing Yourself

Social tokens can be used in various ways, and two main cases come to mind. One is for funding. It's a cool and interesting way to tokenize yourself, sharing a part of your career with others. Imagine it like owning stock in a company. If you have shares, you gain voting rights. The more you own the more significant voting power you have.

Social tokens aren't much different in that aspect.

Promises to Collectors

What you promise collectors for buying these social tokens or collecting them can vary. They can offer voting rights on what goes on with you as a creator, musician, or organization. Alternatively, they could provide access or simply be speculative.

Fan Engagement and Voting

In my opinion, the most exciting use cases for fan engagement involve voting. Super fans and artists can interact through the voting process. NFTs can also offer similar benefits, but there are distinctions between the two (as discussed previously - see fungible vs non-fungible tokens).

NFTs vs. Social Tokens

Besides for what we discussed earlier, NFTs could be an excellent way to offer virtual passes and access, while social tokens are more suitable for voting purposes.

Social Tokens and DAOs

The second use case for social tokens involves Decentralized Autonomous Organizations (DAOs). Think of the DAO as the organization, and the social token as the stock, allowing you to own a small piece of that company. That stock, as we discussed earlier, can grant you voting power based on your governance models and other factors.

SOCIAL TOKEN BEST PRACTICES AND STRATEGIES

Tracking Social Tokens

Like anything else on the blockchain, dealing with Web3 and complicated models can be quite the puzzle. It's crucial to figure out how to track, monitor, and understand what's happening with social tokens to ensure best practices.

A great way to check what's happening with social tokens is by using on-chain analytics. While there are tools like Bello for NFTs, similar resources for social tokens might be harder to find. However, you can still examine the smart contract and see who's holding these tokens.

Analyzing Token Distribution

To learn who's collecting the tokens, you can check out people's wallets, or in the case of a DAO, see the wallets involved and how much of the supply they're holding. All of this information should be available on-chain.

Assessing DAO Governance

By identifying who's holding the majority of social tokens, you can see who the whale is and who might have the most significant voting power in the DAO. This can be especially important when looking at musician DAOs or other similar groups. Understanding the distribution of power can help you decide if you want to be part of that particular DAO.

There are a few places that you could create your own social token, including Roll, Mirror, Bonfire, and more but in general, social tokens do have their, their hurdles and although they could be very powerful and they can be very difficult

THE CHALLENGES OF SOCIAL TOKENS

Why are social tokens difficult? What can be difficult about a social token? Let's explore some of the main challenges.

Tokenomics and Choosing the Right Model

First, we've talked about tokenomics. I'm quite sure there's a platform out there,, that allows you (i.e the developer or the creator of the token), to choose the token economic model you want to use. The challenge is deciding which token economic model is best for your social tokens.

Enhancing User Experience (UX/UI) and Overcoming the Adoption Hurdle

Another tough aspect is the user experience (UX/UI). How do you make a social token more user-friendly and less "web3 native"? One idea could be to treat it like a loyalty point. The more loyalty or "super fan" points you have, the more access or voting rights you get in the artist's career, for example. This could be an interesting way to handle it, but there are technical considerations. For instance, how do you convert these points onto the blockchain once a user wants to send them to their wallet?

A quick thought that comes to mind is if someone doesn't have a wallet, you could provide a non-custodial wallet for them and store the tokens there. Another way perhaps could be to just give them "off-chain tokens" similar to points in an app, and then somehow set aside that same amount for them in the event they want "on-chain tokens" aka true social tokens. It's not the most "web3-friendly" approach, but it's more user-friendly.

These are just a couple ideas on how to overcome the adoption hurdle. It is because of these hurdles that not many platforms have had significant success with social tokens in general.

<u>INVESTING IN PEOPLE AS ENTITIES - THE RISE OF SOCIAL TOKENS</u>

Just like a company can go public, a creator can go public. There are platforms that do this today, such as Chili's. Chili's had early success with deals involving a few soccer teams, including Manchester City and others. However, they've since fizzled out. Recently, they announced they're creating their own layer on blockchain. Whether it will take off or is just a marketing move remains to be seen.

Platforms for Creator Tokens

Another platform that I think did a really cool job, although not actually Web3, is Mojo. They raised a hundred million dollars to allow users to invest in athletes and bet on their careers. Platforms like Mojo will likely push social token adoption because once people become comfortable with the idea of investing in people like they would a company, it could unlock another wave of adoption in the area.

The success we've seen so far in social tokens has mainly come from sports, and I want to touch upon why I believe sports athletes have had more success in social tokens than musicians.

The Success of Athlete Social Tokens

In my opinion, an athlete's career is more stable than a musician's. When an athlete signs a deal for, say, $50 million in the next four years, there's a level of stability. Of course, things can happen, like getting dropped/cut or injured. But overall, there's less risk in an athlete's career after signing a contract than in a musician's.

Comparing Athlete and Musician Careers

There are more musicians in the world than professional athletes in the NBA, NFL, and MLB. A few things can go wrong in an athlete's career, like injuries or getting cut from a team, but these instances are relatively uncommon. On the other hand, musicians often face more challenges. They receive a small advance in return for certain rights to the music from a record label, during which a label can decided out of nowhere to stop releasing their music. This is called "shelved" and leaves an artist unable to make money or even potentially release music to the public until their contract with the label ends.

In addition musicians compete with millions of others for attention on the internet. While athletes automatically receive attention from the recorded games, highlights, and more on the league's dime and even more so when they perform well, musicians must market themselves extensively.

In summary, an athlete's career is generally more stable than a musician's, which might be one of the reasons we've seen more cases of athlete social tokens than musician social tokens. This isn't to say that athlete social tokens have been doing exceptionally well, but there are more examples in sports than in music. Also, the sports industry is larger than the music industry, which could be another contributing factor.

UNLOCKING THE POWER OF SOCIAL TOKENS FOR MUSICIANS

How Fans Can Earn Social Tokens

So, how would social tokens come into play for a musician? Well, there are two main aspects to consider: funding and DAOs. But what would that actually look like on a day-to-day basis? How would you reward fans with social tokens besides just essentially "paying them with a token that may or may not have value"?

One interesting way to do this is by essentially paying them and offering rewards like we do at Klezma, minus the social tokens part. These "loyalty points," or social tokens, can be earned for tasks like marketing or reposting your content.

That's one way fans can earn social tokens. Another method is through funding you, and yet another is by tracking how much fans interact and engage with you in general, may it be concerts, buying merch, etc.

The Importance of Brand Management and Engagement

That being said, all the same principles we discussed in relation to NFTs still apply here. You need to treat your brand well, give back to your collectors/supporters, maintain your reputation, and focus on the long-term growth of your brand. These principles are just as important in the world of social tokens.

Strategies for Token Distribution

In terms of strategies for distributing social tokens, there should be an analytics dashboard (if one doesn't already exist) where you can see all your collectors' addresses, their ENS names, and what other tokens they're collecting. This data analytics tool would be incredibly powerful for those looking to launch social tokens.

In addition, take a look at how companies distribute their tokens. They often reward people for engaging with their network or company. For example, if you post on Mirror, you were able to receive a few tokens (at least in the early days). Airdrops are another method of distribution, with tokens being awarded to people based on their early involvement and support of your career as a musician, but proceed with caution as you do not want to be seen as spammy.

The Role of NFTs and DAOs in Tokenomics

As said previously, I do believe that NFTs should be the first step for musicians, followed by DAOs and then developing a social token strategy and tokenomics. After that, you can start airdropping tokens. These strategies can really pay off in the long run.

Masking social tokens as loyalty programs and offering various forms of access and interaction with you as an artist can help distribute tokens and create demand.

My belief is that by employing these strategies, you potentially can effectively engage with your fans and promote your musical career.

Payouts and royalties with Social Tokens

So where might Social Tokens come into play with PROs and MROs and overall royalties? Since a DAO is another form of an entity, a DAO would simply be collecting the payments from all rights organizations, and payout its community / holders in the native token of the DAO or the artist, in the equivalent of their ownership. Other than that, it is hard to imagine any other type of situation where payouts and/or royalties come into play here.

TO SUM UP MY THOUGHTS, HERE IS THE TL;DR

- Understand the concept of social tokens and their potential impact
- Differentiate between social tokens and NFTs (Fungible vs. non-fungible and Tokenomics)
- Explore the complexities of tokenomics in social tokens
- Consider various use cases for social tokens (Funding, Fan engagement and voting in DAOs)
- Track and monitor social token activity using on-chain analytics
- Analyze token distribution and DAO governance
- Understand the challenges of social tokens
- Choosing the right token economic model
- Enhancing user experience and overcoming adoption hurdles
- Explore strategies for distributing social tokens (like airdrops) and engaging fans (like reward fans with social token)
- Manage your brand and reputation (super important)
- Use analytics dashboards to monitor collector behavior
- Consider the role of NFTs and DAOs in tokenomics

Metaverse

THE METAVERSE: WHAT IT IS AND WHY IT'S EXCITING

The Metaverse Unmasked: Not Just a Virtual World

The big question: what actually is the metaverse? Some folks get confused and think it's just a digital world. But the metaverse has a lot more to do with augmented reality (AR) and virtual reality (VR), especially VR. In my humble opinion, many of the games we know in the web3/crypto world aren't true metaverse experiences. The real interesting stuff will happen when anyone can put on a headset and be right in front of their favorite artists. The metaverse is a place where, in my opinion, you are fully ingrained in the experience—not just sitting on your laptop or computer.

The Power of the Metaverse: A New World of Opportunities

Imagine the possibilities when the technology becomes cheap and widespread enough for people in other countries who don't have the funds to buy a ticket and fly out to see their favorite artists. The metaverse will open up a whole new layer of engagement for artists and fans, as well as another place for artists to stream their music and make an extra source of revenue.

EXPLORING WEB3 NATIVE PLATFORMS & THE METAVERSE

Some platforms in Web3 are Decentraland, The Sandbox, and even OnCyber, which was part of Daniel Allen's drop. These platforms are fascinating and gaining traction in the web3 space. I'm sure I missed a few, but these are the big ones that come to mind.

These platforms are considered web3 native. But why do I say that? It's because they support features such as NFTs, token gating, and other web3 native interactions that cater to fans, communities, and more.

The Power of the Metaverse

The "web3-native" platforms can help someone who's bootstrapping a community and using tools like DAOs, token gating, NFTs, and social tokens. They are there to support that.

We touched upon this slightly before: the Metaverse can be powerful because it can bring another way to engage with fans, provide another stream of income, and offer new opportunities when streaming.

In terms of streaming, people are exploring the Metaverse, they might want something similar to Grand Theft Auto, where they can change stations and listen to different music. This could bring another source of public performance royalties or even mechanical royalties for streaming their music in the Metaverse.

Let's talk about some things you could do in the Metaverse, and then we'll jump into some things you should be aware of if you are doing something in the Metaverse. We'll also discuss why the Metaverse could be super powerful.

Engaging with Fans in the Metaverse

We also mentioned that the metaverse is a really cool way to engage with fans and reach them when you can't necessarily fly out from the comfort of your home. It offers a whole new way to interact with fans.

In concerts today, we typically have a one-sided experience where fans buy a ticket, listen to the artist, scream, shout, and that's pretty much it. But in the Metaverse, artists can get a lot more interactive and creative with fans, whether it be doing certain things in video games or creating small games to do with their fans. They can even have their fans interact with them for prizes. All this will add a whole new layer of fan and super fan interaction.

<u>ENGAGING YOUR COMMUNITY IN THE METAVERSE</u>

Now that we've talked about the power of the Metaverse, let's discuss some things you could do in the Metaverse with NFTs, social tokens, and more.

Exclusive Experiences for Token Holders

One interesting approach is to offer exclusive experiences for NFT or token holders in the metaverse. You can bring your community or your DAO to token-gated experiences and engage with them in various games that grant special access NFTs. By rewarding them with social tokens or your native token for interacting with a game, you create a fun and engaging environment for your fans.

Drawing Inspiration from Travis Scott's Fortnite Concert

The success of this idea is evident from the 2020 virtual event where Travis Scott drew over 12.3 million players to his Fortnite concert during the pandemic. This event showcased the creative potential of virtual arenas and concerts, opening the doors for new possibilities in engaging with fans.

Airdrops as Rewards

In addition to exclusive experiences, you can also use airdrops as a way to reward fans for attending virtual concerts or engaging with you in the metaverse. Airdrops are a fun and interactive method for showing appreciation to your audience.

<u>NAVIGATING THE METAVERSE FOR SUCCESS</u>

The Importance of Data

Now that we've discussed what can be done in the metaverse, let's explore some things to look out for as you create these unique experiences for your fans.

So, when exploring the metaverse, always be on the lookout for data, and I say this as someone who has done virtual music concerts in the metaverse before. One thing that people often overlook is the data on who entered the area, when they came, and why they came. To better understand your audience, you need to answer these questions. If a platform isn't willing to give you data, that's a problem, and you shouldn't work with them on performances.

Wallet Addresses: Your Key to Knowing Your Audience

Another crucial piece of data is wallet addresses. As we've discussed throughout this book, the wallet is your first entry point to know exactly who your audience is, what NFTs they're holding, which DAOs they're involved in, and what social tokens they hold. All of these things are super important pieces of information. By gathering this data, you can build an on-chain persona to understand your fans on a whole new level, learning what types of songs and content they like, both on and off the chain. This insight can help drive your decisions when creating new content, music, and experiences.

Evaluating Metaverse Platforms: Red Flags to Watch Out For

When assessing a metaverse or platform, be wary if they don't have a strong developer community or clear developer documentation on how developers can get involved. This could indicate a lack of experience and adoption, which leads to another point: if a platform doesn't have much adoption, ask yourself why. Is it because their platform is challenging to interact with or because they lack user experience and user interface? If you can't determine the issue, it might not be a good idea to work with that platform. Moreover, test out the platform before getting involved. In the current state of the market and lack of familiarity with web3, you might want to choose a platform that doesn't require users to input their wallet first, as this could exclude a large portion of your fans who may not have wallets or care about web3.

Testing Platforms: Ensuring User Experience and Stability

Make sure to test these platforms before using them, not just for user experience and interface, but also for stability, speed, and other factors. It's essential to check how their technology performs on an average-powered machine, as you don't want your or your fans to encounter issues when hosting a virtual concert.

Mechanical and Public Performance Royalties in the Metaverse

Over time, we'll see different ways people receive mechanical and public performance royalties with this tech. Public performance royalties may be given to those performing in the metaverse internationally, or through upfront deals. Always remember : watch your contracts and collect what you are owed. I can definitely see a future where artists are collecting from performances and players streaming their music in the metaverse.

TO SUM UP MY THOUGHTS, HERE IS THE TL;DR

- Understand the metaverse as more than just a virtual world; it includes AR and VR experiences
- Leverage the metaverse for fan engagement and new revenue streams
- Create exclusive experiences for NFT or token holders within the metaverse
- Draw inspiration from successful virtual events, like Travis Scott's Fortnite concert
- Use airdrops as rewards for fan engagement in the metaverse
- Collect and analyze data on audience behavior within the metaverse
- Pay attention to wallet addresses to better understand your fans
- Evaluate metaverse platforms based on developer community, adoption, and user experience
- Test platforms for stability, speed, and performance on average-powered machines
- Stay informed about mechanical and public performance royalties in the metaverse, and sign the appropriate contracts to collect your earnings

Closing Thoughts

As you can see there is a bright future with all these Web3 tools when building a community to back and support you. Web3 allows you to truly own your audience throughout your journey and not be at the mercy of a social platform or record label.But as we discussed, you must learn the path of consistency and a two-way value street in order to truly make it. I believe that even today, the biggest artists have not tapped into the world of superfans quite yet and the music industry as a whole needs to think more pragmatically and make better data-driven decisions. Knowing your superfans, building a relationship with them, and having the tools to increase engagement is a gamechanger.

As a side note, in or out of music, I believe that if we do our job right as web3 builders, musicians, and creators, anyone will have the opportunity to join great projects, organizations, and movements for what they do on the internet, and not just how much money they have. Web3 will be inclusive with true social proof capital. We must keep building and if you haven't started yet, jump in, and ask the community for help. Good people are always willing to help.

I have no doubt as a musician or a builder, if you understand the power of superfans, data, and inclusivity, these tools will change your career forever.

Wishing you the utmost success and feel free to reach out to me on Linkedin or Twitter for whatever you may need. Let's build the future of music together.

- Ash