COURTAVENUE WEB3 POV

MARCH, 2022

COURTAVENUE & WEB3:

THE OPPORTUNITY AHEAD

Web3 has arrived and has the capacity to change much of how we engage online. CourtAvenue believes now is the time for brands to consider their future in Web3. Not all Web3 integrations will be applicable by industry as their audiences may not be ready to dive in just yet - but some industries are ripe for innovation.

WITH THIS DECK WE'VE PROVIDED:

An overview of where Web3 stands today

A synthesis of how brands are executing throughout Web3 ecosystems

Our predictions for Web3, including the industries most likely to be impacted

Details on how CourtAvenue can help brands looking to learn more

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WEB3 TODAY

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EVOLUTION OF THE INTERNET REACHES WEB3

The internet has evolved through 3 distinct phases since its inception - from a simple read-only interface with Web1 into an experience that allows users to read, create and own thanks to faster networks and the expansion of 5G.

1990s	MID 2000s	2018–PRESENT

WEB1 FIRST CREATED READ-ONLY

- Connection via dial-up
- Clunky desktop computers
- Developers create read-only sites for visitors
- Funded by the first tech companies, PC and software companies, private investors, and VC firms

WEB2 ARRIVES READ-CREATE

- Home internet is the norm; people can connect anywhere via smartphones
- Devices include laptops, tablets, and smartphones
- Developers build platforms for users to create on within platform guidelines
- Funded by mutual funds, VC firms, public shareholders, and tech behemoths

WEB3 READ-CREATE-OWN

- 5g expands, creating faster networks
- Continued device evolution now includes smarter and faster devices and XR headsets
- Developers expand blockchain technology, making interfaces public
- Funded by VC firms, existing media and tech companies, crypto investors and new startups

WEB3 IS THE CONVERGENCE OF BLOCKCHAIN ENABLED CAPABILITIES, EDGE COMPUTING AND VIRTUAL EXPERIENCES

Web3 connects people more immersively into digital environments by leveraging today's more powerful devices, the new crop of immersive devices, and advanced decentralized technology, allowing people to step into fully digital environments and integrate digital devices fully into their physical world.
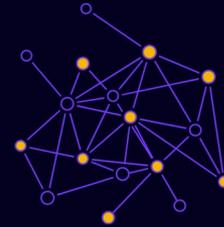
WEB3 IS NOT:

Web3 is not limited to only the metaverse (or any other one component). It is not fully built out yet, or prevalent worldwide. It is also not something all consumers will be fully cognizant of, or something that will find you.
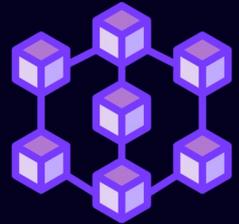

Web 1.0
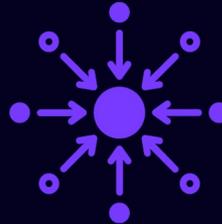
Web 2.0

Web 3.0

WE PREDICT WEB3 WILL GIVE BRANDS NEW BUSINESS MODELS TO EXPLORE AND INCREASED INTERACTIVITY WITH THEIR CUSTOMER BASE

While the future of what Web3 will become is still unclear, today's applications help us understand this initial phase - centered around increased interactivity, integrations with rising new technologies and brand exploration into the new business models Web3 could offer. Early executions give a preview for what Web3 could become.

WEB3 WILL BE MORE INTERACTIVE AND INTEGRATED INTO THE PHYSICAL WORLD

Consumers will be able to look at products in 3D online, increasing conversion rates. They will connect in the metaverse, and overlay digital filters from their phones into everyday life, enabling them to interact with digital as if it were a real part of the physical world.

AND WILL BE POWERED BY THE CONTINUED EXPANSION OF NEW TECHNOLOGIES.

Powered by technological advances and expanded 5G, machines continue to become smarter and faster, blockchain is expanding through NFTs and Crypto, and XR is beginning to be integrated into everyday life - all of which provide increasing possibilities for the future of Web3.

BUSINESS MODELS AND CHANNELS WILL BE OVERTURNED, SIMILAR TO THE EARLY 2000'S.

Web3 gives brands a new space to connect with their customers and express their brand purpose - in a more interactive and engaging way. Today's integrations have been largely exploratory, but opportunity exists for some categories (especially entertainment) to lead Web3's future.

FIRST ADOPTERS WILL LIKELY BE YOUNGER, HIGHER INCOME AND TECH SAVVY.

Given the technical requirements to engage, early adopters will likely be higher income, more digitally-savvy consumers. Brands will have to think strategically about the role they play in designing inclusive Web3 experiences.

CONSUMER USE-CASES ARE CURRENTLY BROADER THAN EXPECTED

Given how loosely defined Web3 has been to date, understanding how consumers are engaging today can be unclear. While some integrations have been seen largely as PR stunts, consumers are finding value in some Web3 engagements.

CURRENT WAYS CONSUMERS ARE ENGAGING IN WEB3:

- Trading or interacting with cryptocurrency
- When using VR headsets
- Watching concerts in Fortnite or Roblox
- Buying or visiting virtual real estate
- Obtaining NFTs
- Engaging with XR overlays on social media
- Overlaying directions on Google Live on smartphones
- Shopping online using 3D catalogs
- Taking tours of 3D cars or homes

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ECOSYSTEM FOR ENGAGEMENT SPANS WEB3 SPECIFIC HARDWARE, SOFTWARE AND PLATFORMS

Today, consumers leverage hardware (smartphones, computers, and headsets) to engage with different softwares and platforms such as VR worlds like Sandbox and Decentraland, blockchain software, and crypto platforms such as Coinbase. As infrastructure and software continues to advance, we expect consumers will interact with brands and each other through an increasingly diverse set of connection points.

01

∞Meta **SAMSUNG**

Microsoft

HARDWARE

Companies are developing the hardware, mobile devices, headsets, and screens capable of displaying Web3 experiences

02

NVIDIA. **unity**

Microsoft **∞Meta**

SOFTWARE

Software companies are developing VR and blockchain tools and capabilities to build and sustain 3D environments for brands and content creators

03

Decentraland **coinbase**

Cp Adobe Captivate

SANDBOX **ROBLOX**

PLATFORMS

Content creators and developer studios are building the environments for people to work, engage and create in virtual space

04

verizon✓ **ethereum**

AT&T

Qualcomm

INFRASTRUCTURE

The building blocks of Web3 that enable the transfer of data, streaming bandwidth, and the platforms these experiences are built upon

WEB3 PROVIDES CONSUMERS WITH NEW OPPORTUNITY, UTILITY AND VALUE

01 NEW OPPORTUNITIES FOR ENTERTAINMENT:

Integrating XR into everyday life, as well as providing VR experiences such as communities, concerts, and events opens up a new sector of the entertainment industry, centered around computerized and AI experiences.

02 PROVIDE NEW UTILITY:

Web3 will fill gaps that Web2 couldn't in the way consumers engage with products online, express interests, and engage with friends, communities & brands. The possibility of shopping in 3D and virtually trying on items as well as the utility from NFTs offer new ways for brands to connect with and serve their customers.

03 PROVIDE NEW VALUE:

The ability to claim and own digital assets gives consumers and investors new ways to add value to their portfolios as well as opportunities to own more items without taking up physical space.

WHY BRANDS SHOULD PAY ATTENTION TO WEB3

TODAY, BRANDS ARE EXPLORING WEB3 INTEGRATIONS ACROSS A VARIETY OF SPACES - INCLUDING REAL ESTATE, MERCHANDISE, CRYPTO AND IP

Major companies are already involved with Web3 today. While many integrations have been focused on generating buzz within the media, early integrations allow us to see which industries and integration types may have longer-term success. Industries such as high fashion, retail, entertainment, and technology are serving as leaders in the space, integrating new technologies across their business.

01

IP IN A VIRTUAL WORLD

02

VIRTUAL REAL ESTATE

03

SELLING VIRTUAL MERCHANDISE

04

OFFERING FULLY VIRTUAL EXPERIENCES

05

INTEGRATING DIGITAL INTO CURRENT PHYSICAL EXPERIENCES

06

SUPPORTING CRYPTO

07

PIONEERING WEB3

08

NEW TECHNOLOGY ADVANCEMENTS

1 IP IN A VIRTUAL WORLD

Today, some companies are already taking out trademarks for virtual copies of their physical insignia to protect their valuable assets.

- Nike and Balenciaga are among early patent filers
- High fashion labels Gucci and Prada had their virtual logos trademarked by 3rd parties last year for use in sale of virtual merchandise

USPTO TRADEMARK APPLICATION

NIKE

IC 009: Downloadable virtual goods, namely, computer programs featuring footwear, clothing, headwear, eyewear, bags, sports bags, backpacks, sports equipment, art, toys and accessories for use online and in online virtual worlds

IC 035: Retail store services featuring virtual goods, namely, footwear, clothing, headwear, eyewear sports bags, backpacks, sports equipment, art, toys and accessories for use online; on-line retail store services featuring virtual merchandise, namely, footwear, clothing, headwear, eyewear, bags, sports bags, backpacks, sports equipment, art, toys and accessories

IC 041: Entertainment services, namely, providing on-line, non-downloadable virtual footwear, clothing, headwear, eyewear, bags, sports bags, backpacks, sports equipment, art, toys and accessories for use in virtual environments

SERIAL #: 97096366
FILING DATE: OCT. 27, 2021
OWNER: NIKE, INC

The graphic represents only a portion of the application. For the full application, visit: https://tsdr.uspto.gov/#caseNumber=97096366&caseType=SERIAL_NO&searchType=statusSearch

NOT YOUR MOTHER'S BIRKIN
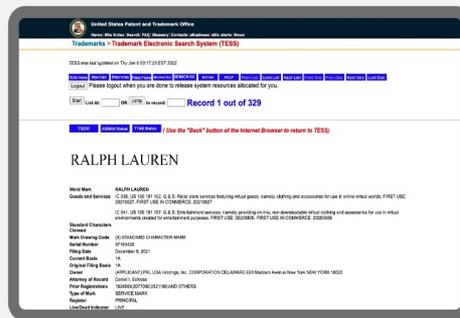
2 VIRTUAL REAL ESTATE

Companies and consumers are paying top dollar for prime real estate in virtual worlds as virtual real estate prices continue to soar.

- Samsung, PragerMetis, PWC, and Adidas are all building virtual properties on platforms like Decentreland and Sandbox

Source: WSJ, Venturebeat, and Samsung

3 SELLING VIRTUAL MERCHANDISE

Retail brands are selling online merchandise in avatar-based worlds, diversifying revenue streams and appealing to new audiences through digital experiences.

- Ralph Lauren, Dolce & Gabbana, Burberry, and Louis Vuitton exploring sales of virtual merchandise within Web3 environments

Source: Forbes, Bloomberg, and ArtRights

4 OFFERING FULLY VIRTUAL EXPERIENCES

Consumer-facing experiences such as virtual product worlds and shops, online concerts, and even company trainings are all moving to fully virtual platforms

- Nike, Ralph Lauren, Meta, Pepsi, and Shopify are creating fully virtual experiences for followers to shop, learn, and engage on platforms like Roblox, MetaVR, and Minecraft

Source: Roblox Nikeland, Roblox Ralph Lauren, Meta VRWorld, and PepsiCo

5 INTEGRATING DIGITAL INTO CURRENT PHYSICAL EXPERIENCES

Through events and everyday experiences, companies are finding innovative ways to overlay XR in everyday experiences using smartphone technologY

- Brands like Crocs and Google Maps have created digital experiences connected to physical experiences

Source: Google and Associated Press
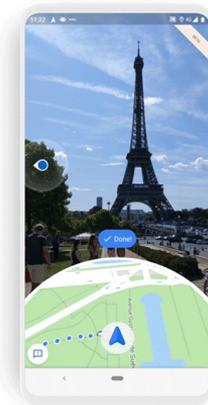
6 SUPPORTING CRYPTO

Countries and sales platforms are letting consumers spend their cryptocurrency in more places and launching their own cryptocurrencies

- Companies like Shopify, JPMorgan and Dell are finding new ways to integrate cryptocurrency while countries like the U.S. and El Salvador are determining their stance on the currency

Source: Shopify, JPMorgan, BBC News, CNBC, and Business Insider

7 PIONEERING WEB3

Companies are already investing in Web3 and the metaverse, allowing them to help shape the evolution of the new internet

- Microsoft, Apple, Nvidia are leading the Web3 revolution

NVIDIA

"In 2021, Nvidia announced Omniverse Enterprise where creators can collaborate on 3D modelling, design, and simulation. Omniverse combines 3D graphics with AI and supercomputing, laying the foundations of the metaverse"

Apple

"Apple is currently working on advanced VR gear and has filed patents covers techniques for displaying a virtual object in an Enhanced Reality (ER) setting"

Microsoft

"Mesh is a collaborative platform that allows anyone to have shared virtual experiences on a variety of devices. Mesh will eventually support what Microsoft calls "holoportation," allowing people to appear as themselves in a virtual space."

COURTAVENUE POV:

Some believe that Web3 will be more democratic as blockchain can create public ledgers of information and the potential for individual ownership. We believe it will instead create space for more companies to break in and exert the same ownership we see from tech giants today.

Source: XR Today and The Verge

8 NEW TECHNOLOGY ADVANCES

5G advancements, the proliferation of distributed ledger technology, advancements in ML, AI, XR and more are creating the foundation for Web3, and creating opportunities for companies to sell services in these new areas

- Dell's interest in blockchain technology ties back to the company's infrastructure business, where selling data storage and other services netted it $8.4 billion in revenue in the second quarter.

Source: Business Insider and Dell
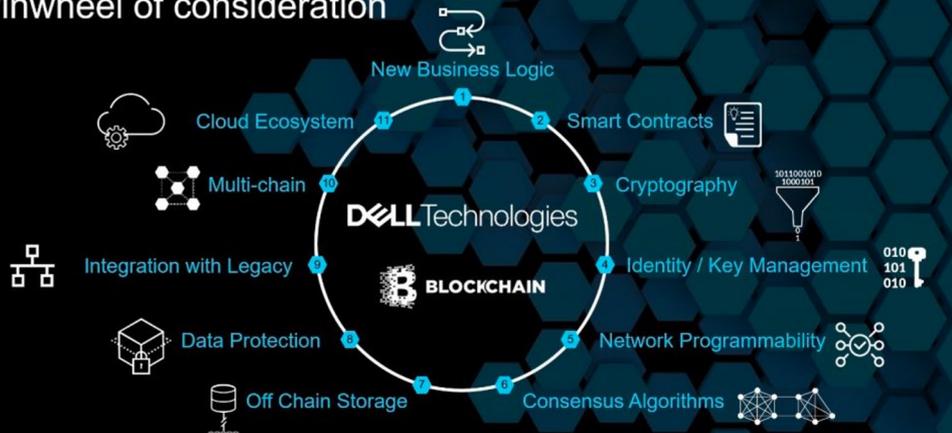
COURTAVENUE CONSIDERATIONS

INTEGRATIONS WITHIN WEB3 WILL VARY BASED ON OBJECTIVE

Starting with business objectives will allow brands to determine the best path forward in Web3 backed in their organization's strategies - preventing them from falling into the usual innovation trap of simply developing something for the sake of innovation or hype.

OBJECTIVES	EXAMPLE INTEGRATIONS
Showcase company in new channels and new ways, building brand awareness	• Create limited-time only virtual stores that users can access online or through their smartphones, trying out products virtually and offering exclusive interaction opportunities. • Create brand-aligned Web3 avatars within VR platforms for customers to engage with.
Re-inventing loyalty by delivering personalized value - providing new and exclusive value to existing customers	• Issue exclusive NFTs that give access to clubs or privileges, or allow members to show their loyalty to the brand • Offer digital versions of physical products, allowing customers to buy product NFTs, and digital assets or real estate for virtual avatars, and store them digitally within their virtual worlds (online closet, etc.)
Ensure product authenticity and heritage for customers	• Offer NFTs alongside product purchase to act as token or authentication of purchase • Allow owners to track the lineage of products and services as they go from ingredient to product to ownership through authenticated NFTs
Augment current commerce capabilities to incorporate emerging Web3 technologies	• Within retail channels, integrate cryptocurrency as a form of payment to secure orders over competitors that aren't offering those capabilities to shoppers ready to spend their crypto-earnings. • Leverage blockchain technology to consolidate supply chain data into one space, improving traceability, coordination between partners, and access to financing

WE BELIEVE BRANDS INNOVATING WITHIN WEB3 WILL SEE POSITIVE FINANCIAL IMPACT

Revenue will increase through the sale of virtual assets, allowing for higher volume of sales, enabling a higher product value, reaching new customers and increasing customer loyalty

INCREASE IN PRODUCT VOLUME

- Virtual products have quicker production time, enabling higher production volume

- Customers don't need physical space to buy virtual assets, enabling them to purchase more

- Digital assets attached to physical products create unique new value propositions

ACCESS TO NEW CUSTOMER GROUPS WITH EXISTING PRODUCTS

- Virtual experiences give brands access to new customer groups

- Enabling payment via cryptocurrency creates appeal for those with crypto earnings

ENTRY INTO NEW MARKETS

- NFTs and the sale of other virtual assets creates new streams of revenue

INCREASE IN PRODUCT VALUE

- Offering digital assets with physical product sales increases value

INCREASE IN CUSTOMER LOYALTY

- Augmented reality overlays and seeing products in 3D increases conversion rate

- Adding value to products increase brand loyalty

WE BELIEVE BRANDS INNOVATING WITHIN WEB3 WILL SEE POSITIVE FINANCIAL IMPACT

Web3 has the potential to positively impact operating expenses, lowering overhead, creating HR and supply chain efficiencies, and decreasing the cost of goods sold

DECREASE OVERHEAD EXPENSES

- Hybrid and Multi-Cloud reduces supplier service expenses

- IoT lowers supplier service expenses through automation

- Augmented Reality and Virtual World experiences eliminate the need for some travel, lowering travel expenses

SUPPLY CHAIN EFFICIENCIES

- Improved data architecture reduces the need for 3rd party supplier services for data sharing across parts of the supply chain

- Enabling payment via cryptocurrency creates appeal for those with crypto earnings

HR EFFICIENCIES

- Augmented reality or virtual reality training improves efficiency of employee development

- AI and ML can improve acquisition and training costs for new employees

DECREASE COST OF GOODS SOLD

- Improved AI and ML capabilities make marketing spend more efficient

- Augmented reality improves efficiency of customer acquisition

WE BELIEVE BRANDS INNOVATING WITHIN WEB3 WILL SEE POSITIVE FINANCIAL IMPACT

Capital Expenses such as real estate and machinery investments will decrease as virtual goods and services reduce the need for factories and remote workers allow for smaller office spaces

DECREASE REAL ESTATE COSTS

- Virtual stores enable smaller physical footprints

- Remote workers and trainings reduces need for oversized offices

- Augmented reality allows customers to virtually try on products without the requirement of a physical store

DECREASE MACHINERY AND MANUFACTURING INVESTMENTS

- Digital products don't require physical factory space or machinery for production

DECREASE SOFTWARE AND IT EXPENSES

- Blockchain technology eliminates the need for 3rd party data sharing software

- Virtual platforms enable remote training without specific remote training software

- 5g enables faster communication and higher levels of connection

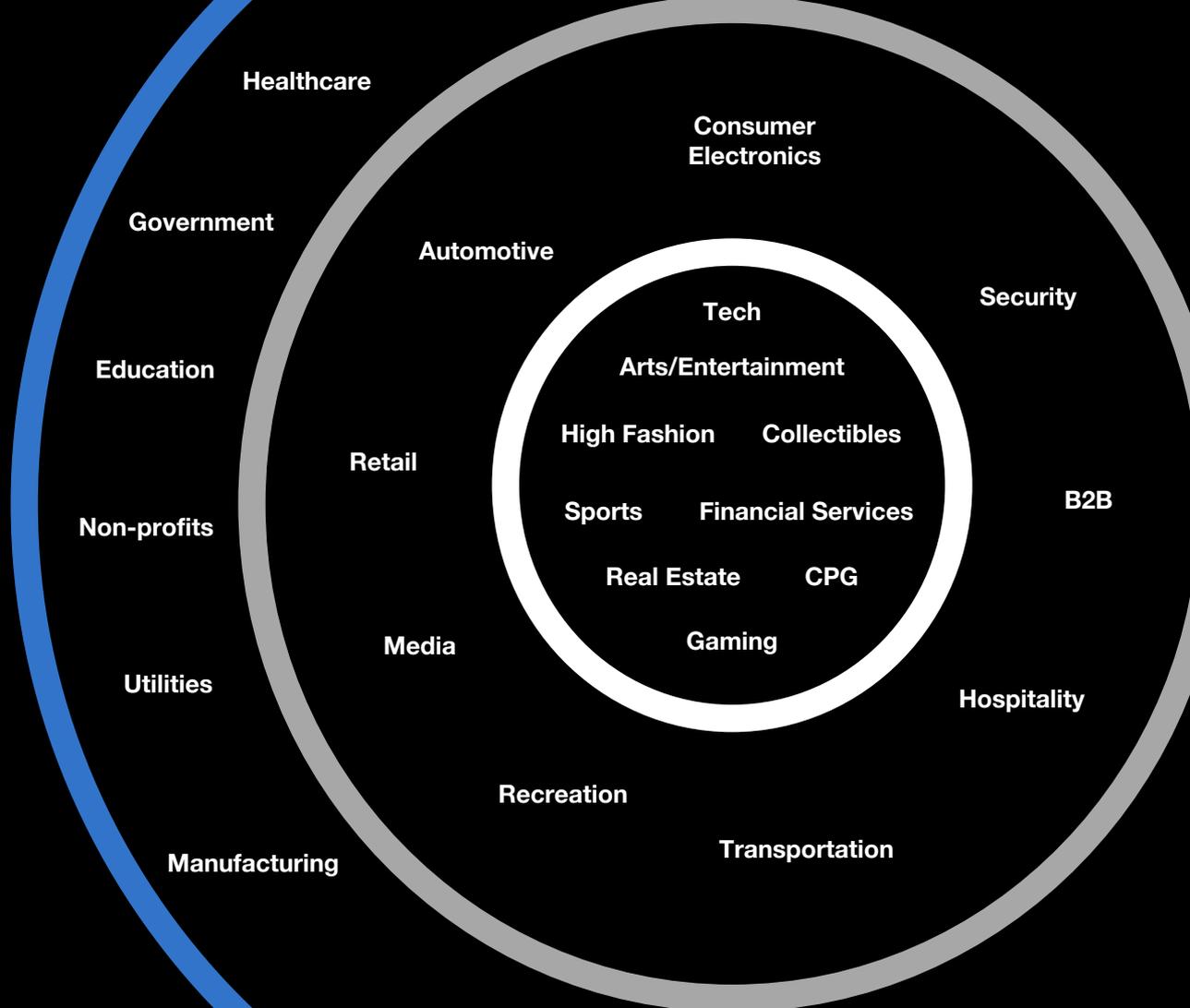- IoT and AI/ML enable automation of more processes and services

REDUCE INTEREST EXPENSES

- Cryptocurrencies eliminate need for 3rd party selling platforms

URGENCY VARIES BY INDUSTRY – SOME SHOULD ACT NOW

- ● **High Potential Industries for Disruption**
- ● **Mid-Level of Initial Disruption**
- ● **Low-level of Initial Disruption**

Healthcare

Consumer Electronics

Government

Automotive

Security

Education

Tech

Arts/Entertainment

High Fashion   Collectibles

Retail

Sports   Financial Services

B2B

Non-profits

Real Estate   CPG

Media

Gaming

Utilities

Hospitality

Recreation

Manufacturing

Transportation

WHAT SHOULD BRANDS BE DOING NOW?

BRANDS LOOKING TO EXECUTE WITHIN WEB3 SHOULD BEGIN BY:

1. Getting smart on the basics - what platforms and Web3 integrations are most relevant to your brand?

2. Understanding where your audiences will go first and where you have permission to play

3. Identifying the partners/teams that help them explore and build Web3 tests

4. Building roadmaps around experimentation with an eye towards scale

5. Developing the business case and models that unlock new value

6. Strategically integrating new technologies (e.g. AR/VR, blockchain, ability to sell digital assets, buy with Crypto, etc.) into your business based on current best in class examples

7. Testing and optimizing

COST OF DOING NOTHING:

- Lose out on new streams of revenue

- Miss chance to test while barriers to entry are lower

- Potential to miss opportunity to engage with early adopters if competitive experiences take hold

- Virtual assets trademarked by 3rd parties increase the need for legal council to protect digital assets

COURTAVENUE CAN HELP

We know not every company can invest in a full Web3 engagement, but all should be strategizing on what Web3 will mean to their industry.

We can help brands identify a relevant Web3 strategy across all industries and categories based on what they're hoping to achieve with Web3.
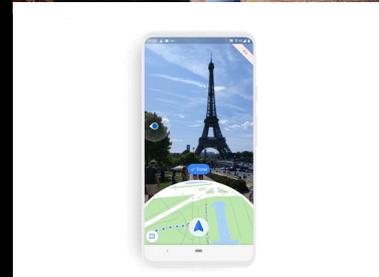
OUR OFFERINGS:

WEB3 PLANS

- **Landscape of Web3 Best Practices**
- **Go to market guidelines**
- **Web3 Objective setting & opportunity identification**

WEB3 BRANDS

- **Primary Research To Determine Feasibility Among Core Audiences**

WEB3 PLATFORMS

- **Prototyping and creative development**

WEB3 DATA

- **Identification and use of new data streams**

THANK YOU