

What is web 3 and exemplary use cases

In order to understand the crypto area, it is important to explain the overall context of Web3 and its history. The Web3 is the next generation of internet technology powered by artificial intelligence, blockchain and machine learning.

It is a collective term for different areas. Web3 includes cryptocurrencies, NFTs, Decentralized Finance (DeFi), Decentralized Autonomous Organizations (DAO) and the Metaverse. Our CryptoClue app is also about all these areas!

Before the Web 3, there was the Web1 and the Web2.

But what do these terms mean?

Web 1.0, Web 2.0 and Web 3.0 are development states of the Internet. They describe which technologies are primarily used on the Internet. "Web3" refers to the third development stage of the Internet.

At Web1, the focus was on companies. Users could only statically surf the Internet. With Web2, the focus was on the user. Users can create content on external websites (social media, blogs, podcasts, messengers, ...), everything was central. The content belongs to the platform. But users could interact, write messages to each other, social media platforms like Facebook and LinkedIn were born. The dark side of this is the market power of Amazon, Google and co... they have developed into global market power in just a few years and take advantage of the convenience of users. It's easy to buy something on Amazon.

Web 3 has now set out to break through these market powers with blockchain technology. Instead of storing all data centrally, the focus should be on decentralized networks. An example: Anyone who sends money from one bank to another uses the central server of the respective bank. The bank acts as a middleman by conducting the transaction. The user must therefore submit all data to the bank involved and rely on them to carry out the transaction correctly. Of course, the bank charges a fee for this service. This is web2 banking.

In Web3 you can send your transaction via a decentralized blockchain, for example the Bitcoin blockchain. This blockchain independently verifies the correctness of the transaction, using mathematics and computing power. Unlike in Web2, the bank is no longer needed as a middleman. This keeps the user in control of their data and since no centralized actor earns money from the transaction, no fees have to be paid.

In other words: Web3 should return data sovereignty and property rights to the user.

Web 3 use cases:

1. Cryptocurrencies: We have shown the example with the bank
2. Decentralized finance applications (DeFi), e.g. lending. Users make money available for loans via a DeFi and thus earn interest. Smart contracts replace middlemen
3. NFTs (Non Fungible Tokens): Digital assets that exist only once. Example of ownership of a piece of land.

4. DAO (Decentralized Autonomous Organizations): Completely new form of company such as a GmbH without leadership and employees receive salary in the form of tokens and are directly involved in the company

All of these use cases could eventually wear out in the so-called metaverse: The metaverse is a virtual reality in which people communicate, trade, play, learn, or otherwise interact with each other. Unlike in Web2, where the user is the product, in Web3 the user is also the owner.