

Title: The Digital Asset Community Enters the Wu-Tang Web 3.0 Clan

Author: disoriented\_llama

Created 2022-06-01 11:35:50 UTC

Permalink: /r/TheGloryHodl/comments/v2evqp/the\_digital\_asset\_community\_enters\_the\_wutang\_web/

Url: [https://www.reddit.com/r/TheGloryHodl/comments/v2evqp/the\\_digital\\_asset\\_community\\_enters\\_the\\_wutang\\_web/](https://www.reddit.com/r/TheGloryHodl/comments/v2evqp/the_digital_asset_community_enters_the_wutang_web/)

[Written by Arca Senior Macro Analyst, Nick Hotz]

With digital asset investors rightly transfixed on the bitcoin ETF and subsequent all-time highs, other news flew under the radar. But a [cover story from the Rolling Stone](<https://www.rollingstone.com/music/music-features/wu-tang-nft-album-once-upon-time-shaolin-1244859/>) caught our eye, which highlighted the purchase of \*Once Upon a Time in Shaolin\*, a unique album by legendary hip-hop group the Wu-Tang Clan. Only a single copy of the 2015 album exists, as the release of the album served as a protest over the low value assigned to music, and to artists under the current streaming business model. Additionally, it comes with a legal stipulation that the album cannot be resold (except, hilariously, if a member of the Wu-Tang Clan or actor [Bill Murray steals it](<https://www.nme.com/blogs/nme-blogs/wu-tangs-2m-album-comes-with-a-bizarre-clause-the-rap-group-or-bill-murray-are-entitled-to-steal-it-13108>)). The album was [originally purchased](<https://www.bloomberg.com/features/2015-martin-shkreli-wu-tang-clan-album/>) for \$2.2 million by former hedge fund manager Martin Shkreli (the controversial figure behind the [56x price raise of the AIDS drug Daraprim](<https://www.nytimes.com/2015/09/23/business/big-price-increase-for-an-old-drug-will-be-rolled-back-turing-chief-says.html>) from \$13.50 to \$750/pill). Shkreli was notably stingy in letting others listen to the album and even [threatened to potentially destroy](<https://www.xxlmag.com/martin-shkreli-unreleased-wu-tang-clan-donald-trump-wins-election/>) it. \*Once Upon a Time in Shaolin\* was eventually seized by the US government after Shkreli's arrest and conviction for securities fraud.

The new purchaser, [PleasrDAO](<https://pleasr.org/>), is a decentralized autonomous organization (DAO) that comprises builders and investors in the digital asset space. The DAO owns a portfolio of nonfungible tokens (NFTs) associated with crypto and meme culture such as a [work by Edward Snowden](<https://gallery.so/pleasrdao/88e17512d861358bac33a3310b6d65cf/3ff32ab2f1de707b1aad0db3b923043b>), and the [original Doge meme](<https://gallery.so/pleasrdao/88e17512d861358bac33a3310b6d65cf/6771f6edb51b930821f424452e1707b4>) (which was incredibly innovative with regard to fractionalization and resale, [making almost 100x overnight](<https://cryptonews.com/news/fractionalized-doge-nft-hits-implied-valuation-of-usd-500m-11675.htm>)). Through some complicated legal measures and a third-party intermediary, the DAO managed to have the Wu-Tang album turned into a non-fungible token (NFT) and purchased the NFT and the album from the intermediary for \$4 million in stablecoins. In contrast to Shkreli, PleasrDAO head Jamis Johnson says it intends to attempt to distribute the album to the public as best as it can under the legal circumstances.

While the Rolling Stone article framed the purchase as a feel-good tale of the democratizing heroes pulling one over on a notoriously unscrupulous villain, there is another story to be told here: \*\*\*the story of how blockchain technology and digital assets solve the very problem Once Upon a Time in Shaolin was created to protest\*\*\*.

The transformation of the music industry from one driven by sales of CDs or individual tracks directly to fans to one where streaming services stand in the middle was an incredible boon to listeners, who are able to access nearly unlimited music for around the cost of a single CD per month. However, this shift left all but the most popular artists in a tough position. Spotify, for example, pays artists [about \$0.0033 per stream](<https://www.businessinsider.com/how-much-does-spotify-pay-per-stream>), with artists requiring around 250 streams to earn a single dollar (or a quarter million streams to earn \$1,000). While famous artists like Taylor Swift and Jay-Z have in the past lamented and even [tried to subvert](<https://variety.com/2015/digital/news/jay-z-launches-tidal-streaming-music-service-1201462769/>) the existing system, the network effects accrued by middlemen like Spotify have by and large overpowered single players trying to change the system.

The new business models enabled by blockchain and digital assets have the potential to disrupt the powers that be in the music industry. Fractionalization, for example, is one avenue PleasrDAO could take

towards publicizing the Wu-Tang album. Fractionalization is the process of breaking up a unique NFT into a fungible asset represented by tokens to distribute ownership. For instance, the DAO could create 1 million tokens and specify that each whole token would entitle the holder access to an event where they could hear the album. Not only would fans be able to finally listen to the famously secret album, but unlike owning a CD, they would also receive an equity-like partial ownership over it. The current business model of streaming creates a fundamentally competitive dynamic between fan and artist (paying the artist more for streams requires charging fans more in subscriptions). A fractionalized NFT however serves to align the fan's interests with those of the artist.

Electronic artist and long-time digital asset enthusiast Justin Blau (better known by his stage name 3Lau) has taken a slightly different approach, launching a[ platform for artists to share streaming revenues](<https://www.protocol.com/fintech/royal-nft-music-3lau>) with their fans, even more closely aligning their interests with those of the artist. Blau sees the platform as a way to cut out record labels, which notoriously monopolize promotion and distribution for up-and-coming artists in exchange for a large portion in the artist's future, already diminished, earnings. Add in social token platforms like[ Rally](<https://rally.io/>) and[ Socios](<https://www.socios.com/us/>) that allow fans to gain even greater access to artists and create micro-economies of supporters to the mix, and we begin to see an entirely new musical creator economy emerging. This new music economy fundamentally aligns the interest of creators and their fans and returns the profits of streaming middlemen to these groups. While we're only in the early stages of the music industry renaissance currently, it's starting to resemble something like what the Wu-Tang Clan might have hoped for when they released \*Once Upon a Time in Shaolin\* almost 7 years ago.

By aligning incentives of previously competitive actors in the economy, digital assets can democratize access to goods and services previously only available to the wealthy few. This innovation certainly isn't limited to the music industry. [Axie Infinity](<https://axieinfinity.com/>), the blockchain-based monster battling game, has become incredibly popular in the Philippines, where banking services don't reach a good portion of the population but mobile phone and internet penetration rates are relatively high. Axie's creator, Sky Mavis, stated that[ 25% of its players](<https://www.platformer.news/p/how-axie-infinity-is-turning-gaming>) have never had a bank account before. This means that in addition to players earning assets for playing the game, Axie wallets are the first financial service many have ever had access to. With the recent release of staking for yield on the native Axie token AXS, a brand new mobile game has delivered a high yielding savings account to hundreds of thousands of players where the entire existing government and banking infrastructure failed to do so.

Let's go even further. Long have we heard experts in the telecom industry extoll the paradigm shift that 5G technology will bring to the wireless landscape and even to geopolitics. There's again one major problem with this: a lack of alignment of interests. Unlike previous iterations' cell towers, 5G relies on companies distributing tons of nodes throughout the service area, including likely on privately-owned property. While distribution may be possible via government coercion in more authoritarian regimes, in democracies, 5G suffers from a severe case of "not on my lawn syndrome". We seem to be at a fundamental impasse, with the public good of 5G signal being highly desirable, but neither the private nor public sector able to produce a favorable outcome. Enter Helium, which financially incentivizes people to run nodes and last week accrued its [250,000th hotspot](<https://explorer.helium.com/hotspots>) for a long-range signal and is rapidly rolling out 5G capabilities. The result -- hundreds of thousands of happy service providers, one extremely complex and beneficial public good in development, no coercion in sight, high alignment of interests.

Web 2.0 at the most basic level was about creating markets (of music, of goods, of social information, etc.). The companies facilitating these markets became fabulously powerful, shifting economics away from market participants and towards the companies themselves. Enabled through the power of digital assets and communities, Web 3.0 companies turn markets into public goods by aligning their own interests with those of market participants. Instead of playing competitive games with their users, Web 3.0 companies play collaborative ones, creating even more value that can be returned back to those users. Whether it's gaining access to basic banking services, receiving 5G signal or listening to a rare hip-hop album, we're just starting to see the incredible value users receive from public goods created by decentralized organizations. If PleasrDAO can finally bring Wu-Tang back to the people, there's no telling what else blockchain-enabled organizations can achieve.