



# **This Thought** **Leadership Piece is an** **NFT** How Blockchain Technology and NFTs Will Transform Industries



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Consulting LLC

## Introduction

Over the last year, the concept of non-fungible tokens (NFTs) has captured the attention of those in the world of art, finance, and pop culture. What first comes to mind might be the colorful and zany “Bored Apes” that sell for millions of dollars on the open marketplace, and the many animal copycats looking to capitalize on their success. However, many creators are pushing the boundaries on what NFTs can become and are leveraging this technology to establish ownership of pieces in massive video games, replace traditional playing cards across major sports, and even serve as real-life coupons at large retailers.

McBride Consulting believes that blockchain technology, including NFTs, will become part of everyday life for people around the world. The security, provenance, and ease of transaction render NFTs a tool that can be used across industries to reinvent the way we look at transaction security, authenticity, compliance, and much more. Now, we hope to advance the conversation of how NFTs can be used by minting this very piece as an NFT. We will distribute these NFTs to the authors and stakeholders that have contributed to this piece, and from this point forward, all thought leadership articles from McBride Consulting will be issued as NFTs.

In this piece, we will discuss what NFTs actually are, the plethora of industries that may soon utilize or benefit from them, and why it matters as consultants.

## What are NFTs?

NFTs are digital crypto assets on the blockchain. The process of linking that asset to the blockchain is known as “tokenization” and refers to a digital certificate of an asset that is stored on a public ledger, the blockchain. This digital certificate has associated and publicly verifiable codes and metadata that are unique only to that asset, providing provenance, or proof of origin and ownership to its holder. These assets represent real-world objects like art pieces, videos, or even this very thought leadership piece.

Breaking down the name itself, the term “non-fungible” indicates that one NFT is not equal to another, even if it is on the same blockchain. One bitcoin is always going to be equal to one bitcoin, and thus is fungible, and will hold the same value. NFTs have unique attributes that make them different from something in the same asset class and cannot be substituted. For example, one NBA TopShot NFT (the National Basketball Association’s take on NFT trading cards) will not always be equal to another NFT even within the same series on their marketplace.

Most digital creations have an infinite supply. The unique codes and data that tie an NFT to the blockchain assure that only a certain amount of NFTs can be minted or created. This is what creates scarcity, security, and value in NFTs.

## Use Cases

We believe that NFTs will permeate a variety of industries, both public and private. See below for a few of the many places we believe NFTs will revolutionize:

### **Real Estate: (authentication, identity, security)**

The use of NFTs in Real Estate provides numerous solutions to current issues facing the industry, ranging from immediate applications to long-term development and re-conceptualization of how we approach ownership.

Utilizing NFTs—and the underlying blockchain technology that supports them—can provide more effective tracking, management, and documentation for the myriad legal agreements (and legal fees) associated with buying land. NFTs are minted with metadata that securely identifies their creator and locks it permanently on the blockchain. When applying for a mortgage or simply renting a property, proving you are who you say you are is an arduous and often iterative process. In this digital age, blockchain technology will soon allow us to authenticate our ID at a moment's notice from anywhere in the world. This application would render the process of home-buying faster, less-expensive, less complex, and make analysis on the chain of ownership more accurate and actionable.

In the long term, these real estate NFT marketplaces can be leveraged by capital-driven real-estate development firms, apportioning ownership and royalties via cryptocurrency and crypto-wallets. This will decrease the barrier for entry into capital markets to historically underserved neighborhoods and groups by allowing a larger, more diverse audience to invest. Instead of having to buy an entire unit, units can be fractioned into thousands of pieces if desired, allowing anyone on the marketplace to get a piece of the pie.

### **Grants Management: (compliance, transparency)**

Grants management is the process of overseeing and issuing grants. There are many players in the game of grants management, making the process and its various phases and requirements often difficult to navigate. Often, communication channels are difficult to maintain and reporting on the grants down the chain of 'ownership' can be hard to track and manage. On top of all these obstacles are strict compliance guidelines that the government requires to maintain transparency in the process and prevent fraud.

NFTs and blockchain technology can help ensure compliance with government mandates with their inherent security and transparency. NFTs are decentralized exchanges and publicly tracked transactions that can serve to represent a contract and define a clear transfer of ownership. In the case of grants management, an organization may seek to leverage an NFT to define the responsibilities of a grantee receiving funds, guarantee that transfer of funds, all while providing transparency and visibility over the entire process. Instead of the tedious trackers and email chains



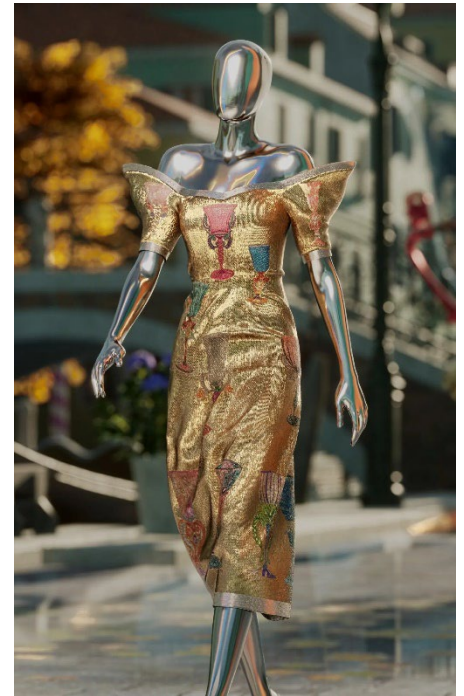
**These "Bored Ape" NFTs have captured the world's attention within the last year. They regularly sell for millions on NFT Marketplaces like OpenSea.**



that will outline the life of a grant, simply tracking an NFT from wallet to wallet can efficiently cut down processing so that grantors can focus on disbursing, for example, COVID-19 relief funding to those in need.

**Authentication of Physical Items (title subject to change): (Provenance, tokenization)** <https://www.vogue.co.uk/news/article/fashion-nft-dolce-and-gabbana>

In September of 2021, iconic fashion house Dolce and Gabbana piqued interest in the world of high fashion when they announced they would be pairing their latest limited collection of haute couture pieces with NFTs. To say it was a success would be an understatement, as the nine NFTs brought in close to \$6 million at auction with their partner marketplace UNXD. About half of the NFTs sold included a physical version of the item up for grabs. A “glass suit” (that is really more green than anything else), along with silver and gold dresses, each fetched more than their purely digital companions.



**This Dolce and Gabbana dress and NFT combo, The Dress for a Dream: Gold, fetched 225 Ether at auction.**

The connection between NFTs and their physical counterparts is a relationship that will only get stronger as this technology is more widely adapted. When an NFT is “tokenized” or linked to the blockchain, it allows for provenance, or to see the chain of ownership to the origin of the item. In secondary markets for art and high fashion, it is incredibly hard to authenticate items, and for purely digital items it is nearly impossible. Holding and transferring the accompanying NFT along with a physical item is a secure method of authenticating that item.

This principle is not solely reserved for blue chip art and designer suits, items from tangible baseball cards, to cars, to entire homes can benefit from the clear provenance that NFTs provide. In the near future, the condo you buy may include an NFT signifying and tracking your ownership of that particular unit. The idea of the “metaverse” and an all-digital world is interesting, but for as long as physical items exist, NFTs can help bridge the gap to our digital future.

**Issuing Government Bonds:**

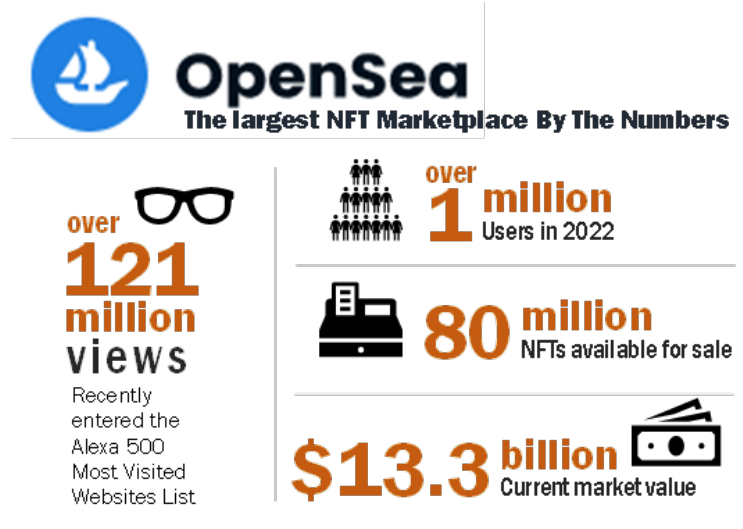
The issuance of government bonds is one of the more outdated processes in modern government. The use of NFTs and blockchain capabilities can offer a more environmentally friendly, financially secure alternative to current bonds issued by all levels of government. They are environmentally friendly by eliminating the need for paper to show proof of purchase or ownership. While the blockchain does have some energy costs associated with it, as the technology is improved the energy needed to complete a transaction will inevitably decrease.

Eliminating that piece of paper also removes the need to store and track the bonds as they mature. As we have discussed already, the security the blockchain provides would keep them safe in your wallet, a far better alternative to dusting them off from under your bed each year to confirm you know where they are. Finally, they can provide more liquidity via ease-of-sale in a NFT marketplace rather than adhering to more rigid bond structures that are currently in place. Instead of going to the bank and calculating maturity, you can trade bonds directly from the comfort of your home. The

provenance of NFTs is all that's needed to know the precise value of the bond. Even if these bonds are transferred from person to person, that origin will still always be captured.

## Why It Matters As Consultants

As consultants, it is our duty to consider the impact of emerging technologies and strategize how it can possibly impact our clients. While the blockchain has already emerged as a viable tool for cryptocurrency and NFT transactions, there is much left to explore and create. Between the private and public sector, different priorities will emerge relating to understanding and using blockchain technology. The private sector will seek to push the boundaries of NFTs to the absolute limit. As with any new technology, not all attempts to revolutionize traditional processes with NFTs will be successful, but even the failures will teach us about the best use of the blockchain.



The public sector will need to move quickly to catch up to the innovation of the private sector and provide regulatory oversight to keep practices fair. Policies will need to be created on the legality of NFT contracts in the court of law, the legitimacy of NFT marketplaces, and of course, taxation. As a firm that straddles both sectors, we must be ready to assist our full range of clientele with the challenges to come. This entire effort to mint this piece as an NFT is to expose and educate our consultants on the power of NFTs and prepare them for the innovations yet to come.

## Conclusion

There is no limit to what blockchain powered NFTs can do for the public and private sector. Their inherent security and provenance make them extremely versatile for use in real estate, as certificates of authenticity, to help manage grants, and even as replacements for traditional government bonds. Whether the first major innovations with NFTs end up being examples we listed in this article, or some that have not even been considered, consultants will be there to help our clients unlock the potential of NFTs and navigate the policies that will accompany them.

By publishing this and future thought leadership pieces as NFTs, while issuing them to the authors, we are rewarding our consultants for their original thoughts and hard work. For as long as they wish, contributors to our company's articles will have a digital token of appreciation that signifies their connection to the piece. This also gives our employees the chance to immerse and educate themselves with new technologies that we believe will drive the future of our industry. As NFTs and blockchain technology become a part of our everyday life, McBride seeks to be at the forefront of these market and social changes. While the universal adoption of this technology may be a few years away, it is never too early to prepare for the game changing capabilities of the blockchain and to prepare for the future needs of our clients.

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