
CHAPTER

1

Introduction to NFTs

By many accounts, Google was late to the search engine game. Founded in 1998, it was the 24th search engine to come onto the scene. What's Google 24th at now?

Larry Page and Sergey Brin, the cofounders of Google, focused on differentiating their search engine and creating a compelling product from the outset. Monetizing the search engine was an afterthought. Search engines are all about connecting people from a query to a destination. It's a game of understanding the user's intent. What do they want to find? Ideally, the engine gets it right on the first search result; otherwise, you're forcing the user to do the hard work of finding what they're looking for.

Google's revolutionary idea was *PageRank*, a ranking system that prioritized web pages by social proof. The more that other domains link to a web page, the higher it ranked on Google's search results because there was social proof from other users that

it was a helpful resource. Google's indexing method was in stark contrast to other search engines, which ranked pages by analyzing the page's content for keyword density.

Backed by this superior theory of ranking the web's content, Google showed promise of having a better utility than any other search engine of the time. It also attracted the attention of computing pioneers. Before Google was even incorporated, it received its first investment of \$100,000 from Andy Bechtolsheim, cofounder of Sun Microsystems—a legend in the world of computing. Google rounded out this investment in 1998 with money from three other angel investors, including Amazon founder Jeff Bezos, Stanford University computer science professor David Cheriton, and entrepreneur Ram Shriram.

Page and Brin were just a couple of smart kids from Stanford trying to solve a problem on the Internet. Their laser focus on creating a great product that understood the user's search intent was the utility that they brought to the world. The utility they made was enough to attract attention from some of the biggest names in tech. It wasn't until two years later that they would finally incorporate AdWords into their search engine and monetize their traffic.

We see a lot of similarities when comparing those early Internet days with early non-fungible tokens (NFTs). The vast majority of NFTs have no utility beyond investment speculation—in much the same way that Ask Jeeves and Yahoo Search were simply joining in on the action of search engines with no real differentiation. And because we're in the early days of NFTs, these directionless projects can get a lot of attention, even though there's no use case for them. However, as time passes, we'll see a greater focus on NFTs with utility—tokenized projects solving a problem or creating something unique for users. Those projects that lack a use case will miss out on the real money to be made a few years from now.

Take, for example, the Bored Ape Yacht Club. The founders have created 10,000 Bored Ape NFTs that act as membership cards into the Internet Yacht Club. Right now, this membership card gives you access to a digital bathroom where you can take a “pen” and draw, write, or graffiti on the walls every 15 minutes. It sounds insignificant, but it’s a unique experience. They’ve carved out this digital environment reserved only for the Bored Ape NFT owners. Yes, the Bored Apes are collectibles in essence. But it’s the access and the utility that they provide that excites us for the future of this project.

Access might be the most significant use case of NFTs currently. In other words, to what does owning an NFT grant you access? We’re surely going to see the utility of NFTs go way beyond this. Especially considering the wide variety and diversity of people getting into NFTs right now, there are so many exciting individuals with all types of ideas coming together to collaborate and create magical experiences.

Now is the time for experimentation, collaborating with others, and not working in a silo. This book is a product of two people experimenting with NFTs in their respective fields and starting a random conversation that ballooned into so much more.

QuHarrison Terry was working on selling the World-StarHipHop Chain NFT and creating liquidity for pop culture-focused NFTs. Matt Fortnow created the official Three Stooges NFTs and contemplated how iconic intellectual property could exist as NFTs.

Let’s rewind the tape back to the early Internet 1.0 days: 1995. Matt practiced entertainment law in New York City when a few fraternity brothers from Carnegie Mellon University recruited him to start an Internet company. They founded *Commissioner.com*, the Web’s first fantasy sports service, which they sold to CBS SportsLine in 1999. Always looking to

develop uses for new technologies, Matt got heavily involved in blockchain in 2015, virtual reality/augmented reality (VR/AR) in 2016, and NFTs in 2020. It's actually through the VR/AR connection that he met QuHarrison.

QuHarrison recalls:

“I got a call one day from a friend who said I had to talk with this Matt Fortnow guy. This was at the early peak of NFT hype in March 2021, so I was used to talking with many people about a lot of NFT ideas every day. The conversation took on a life of its own and went on for a couple of hours. We were just riffing about how NFTs were all about sales and liquidity, the possibilities of tokenizing IP and revenue streams, and just having a fun time sharing ideas. By the end of the conversation, we were like, ‘Yeah, we need to write a book on this.’ And that’s how a marketer and an attorney-turned entrepreneur came to write a book on NFTs. Literally a chance conversation around this shared culture of NFTs. And I think that’s the beauty of this space right now. At the precipice of any new technology, it’s prime for collaborations between people of different backgrounds.”

It may feel like you’re late to NFTs. But you’re actually early in the grand scheme of things because we just haven’t seen all the use cases of this technology yet. For reference, there were only about 130,000 active users on OpenSea, the largest NFT marketplace, in August 2021. With more than four billion people who have access to the Internet worldwide, we’re nowhere near the exciting times of NFTs.

If Page and Brin thought they were late to the Internet in 1998, we wouldn’t have the most effective and intuitive search engine that we have today. But they looked at the emerging Internet technologies around them and had a theory on how it could be done better. That’s where we are at with NFTs today.

Take the information in *The NFT Handbook* as a starting point for your NFT journey. We'll take you through the history of NFTs to the basics of creating and collecting NFTs to marketing your NFTs, and much more. There are many people talking about NFTs and sharing their thoughts, their strategies, and their ideas. Use this book as a launchpad to go out and learn more about what interests you about NFTs.

Equipped with what you've learned in this book, start connecting with people in the NFT ecosystem. There are many NFT communities on Twitter, Clubhouse, Discord, Instagram, and other Internet destinations with people just like you who want to connect and learn from each other. At this stage in the lifespan of NFTs, it pays to communicate, experiment, and collaborate. Ultimately in the canon of NFTs, we don't know whether the current NFT projects we're seeing will be more akin to Infoseek (one of the earliest search engines, not around today) or Google (late to the game but created a superior product that stands even stronger today).

We've also created TheNFThandbook.com with extensive resources and links. Since the NFT space is ever evolving, the website will feature ongoing updated information.

As we dive in, your first question may be, "What are NFTs?"

