THE FUTURE OF
THE INTERNET

The role of Web3 technology in business

WHAT IS THE "NEW INTERNET"

While the internet as we know it has existed as a commercial platform for the past twenty years, a new version of the internet has emerged. This new internet will revolutionize how businesses and consumers interact, engage, and transact with one another.

In Web3, this third generation of the internet, content storage and services are not facilitated and controlled by select few centralized entities but spread out among a vast network of computers. Consumers and businesses own their individual digital identities and control how they are stored, shared, and used by others.

So how does this new internet change the way that we interact with one another and with businesses? The answer is layered, with the future providing many opportunities to build trust, transparency, and engagement between--and to the benefit of--both businesses and consumers.

WHAT TODAY'S INTERNET HAS BECOME

Content creators today often relinquish identity ownership and revenue to platforms and data silos that profit from user-generated content without explicit user consent. This is a great revenue model for those businesses that benefit from user data, and many have no desire to change. Despite rampant bots, fake users, and low conversion rates, businesses continue to spend millions in wasted online advertising, and many tech giants profit from or find value in bot-generated impressions.

Apart from data breaches, in which identity, credit card, and other personal information is stolen or exploited, most internet users have become complacent about the use of their data. They sign end-user license agreements (EULA) and equivalent digital release forms, often without reading them, and often agreeing to the use of their data for the company's benefit. In many people's minds, this exchange of data is the price for a free internet.

The current iteration of the internet may have become the status quo—but new technology will bring the internet forward. Businesses should look at the opportunities provided by Web3 technologies to increase revenue, streamline operations, and save money.

WHAT DOES THE FUTURE OF
THE INTERNET LOOK LIKE?

Younger generations have come to realize that their entire lives are controlled by large corporations via social media, online addictions, and algorithms that know everything about them. Society is moving to prevent future generations from experiencing the same fate. After a broad look at the recently reported mental health and attitudes of Gen Z within the United States, consumers are coming to realize just how tightly they are bound in the grip of technology.

The new internet is based on decentralization, which signifies a distribution of authority and decision-making across a network of participants. For the consumer, this means users control their data and allows them to engage in secure transactions without needing to rely on central authorities. It also enables people to communicate with one another and with brands safely and securely, without having to reveal personal information that might be stolen from centralized databases.

Web3 presents a radical shift from traditional business models, as it eliminates the need for central governing bodies that include big tech companies that currently control consumer data and behavior. Individual users might own, control, and even monetize their data in this future internet, and it also presents many new opportunities for businesses.

A BRIGHT SPOT
FOR BUSINESS

Web3 has the potential to revolutionize traditional business processes, creating more efficient models for companies of all sizes. This could expand new opportunities for venture capitalists, private equity firms, and other investors looking for investments that have the potential to disrupt incumbents and generate significant returns.

Additionally, Web3 offers businesses an entirely new approach for managing their operations. By using decentralized applications, companies can reduce costs, improve efficiency, and increase security all while maintaining control over their data. Finally, this technology gives businesses access to services that they may not otherwise be able to access.

Mental Health Statistics, US, 2023

Rate of experiencing mental health conditions:

Ages 18-25 (30.6%)
Ages 26-49 (25.3%)
Ages 50+ (14.5%)

~ "Mental Health Statistics," Forbes Magazine, September 4, 2023

"Web3 technologies and the resulting paradigm shift reduces overall infrastructure costs, including decreased security and compliance requirements for businesses. By distributing the verification process to trusted stakeholders, the business can focus on its core value proposition instead of 'utility services'."

~ Alex Oberhauser, VP Software Development, Identity Product Development, Blockchains, Inc.

OPPORTUNITIES
FOR BUSINESS

At the heart of Web3 is the Web3 ID, a consumer's secure digital identity that allows for control of their online identity, credentials, and personal data. For businesses, every Web3 ID is a customer with a unique, verified proof of personhood.

A consumer's Web3 ID can help businesses improve user experiences, enhance trust and security, and reduce fraud. More important to the business, however, is reducing operational costs and increasing customer engagement, loyalty, and business growth.

Many businesses are already bridging the gap between the old internet and the new internet by building decentralized applications (dApps) that interact with consumers' Web3 ID profiles. This transformation is gradual, as these businesses add decentralized applications into their existing technology before phasing out any older models. Not all consumers are armed with a Web3 ID yet, but as the number of decentralized identities grows, businesses are able to add to or shift from older revenue models to new ones.

Private, Safe Browser BRAVE:

57.27 million
monthly active users
as of April 2023

~ earthweb.com/brave-users/

POTENTIAL FOR NEW
REVENUE MODELS

The success of any revenue model depends on a variety of factors for each business entity. However, there are some consistent circumstances and functions that present opportunities for adding Web3-based revenue models that, in many cases, also significantly reduce associated costs.

Below are a few examples showcasing how Web3 technologies can open opportunities for new revenue.

LOYALTY PROGRAMS

Loyalty programs encourage customer retention and repeat business by providing transparent and tradable reward points or tokens. Web3 IDs could allow loyalty members to share points or other incentives with friends to generate new customers. In addition, businesses can engage these members with personalized offers, which increases conversion rates.

Shifting to top-quartile performance in personalization would generate:

$1 trillion

~ McKinsey & Company

Partnering with creators, affiliates, and other businesses in the Web3 space can create opportunities for shared revenue streams. This could include code contracts that automate and facilitate ownership for co-created digital assets, applications, or experiences that can be monetized after the initial sale.

OPPORTUNITIES
FOR AUTOMATION

Businesses can also adopt Web3 IDs. This enables operations between business partners to enjoy the same level of security and privacy as consumers. A business identity streamlines the transactions between businesses in cases such as supply management or license verification or presentment. In many cases, these processes can be automated using code contracts.

Also referred to as smart contracts, code contracts are a groundbreaking aspect of Web3 technology. They embed predefined rules in self-executing contracts that eliminate intermediaries, streamline operations, and boost efficiency. These contracts execute autonomously when specific conditions are met, which reduces associated administrative and transaction costs.

Here are some examples that demonstrate how Web3 can utilize the code contracts to streamline and improve current operations.

SUPPLY CHAIN MANAGEMENT

Code contracts can automate and streamline various aspects of supply chain management, such as verifying the authenticity of products, tracking shipments, and automating payments to suppliers based on predefined conditions, such as delivery confirmation or quality checks. This reduces the risk of fraud, errors, and delays in the supply chain.

Adverse Losses in
Supply Chain Mgmt

Finances (62%)
Logistics (54%)
Reputation (54%)

~ Tradeflock, May 2023

INTELLECTUAL PROPERTY PROTECTION

In creative industries like publishing or software development, code contracts can be used to manage intellectual property rights. They can automatically enforce licensing agreements, track the usage of copyrighted materials, and ensure that creators are compensated fairly for their work.

CONTENT DISTRIBUTION

Code contracts can be employed in media and entertainment to manage the distribution of content. They can automate royalty payments to artists, authors, or content creators based on the consumption of their work, ensuring fair compensation and the reduction of administrative overhead.

Average cost per data breach in 2022 for IP theft:

$4.35 million

~ Statista

"We have all of the technical tools that we need to track provenance. What we have not done is integrate these tools into browsers, apps, and devices in a way that makes it simple for a consumer."

~ Zee Hamza, Head of Software Architecture, AI/ML Engineering, Blockchains, Inc.

OTHER BENEFITS
FOR BUSINESSES

New revenue models, automation, and cost reductions are just a few opportunities for businesses who enter the new internet; there are also many more benefits to both the business and their customers. A few of those benefits include:

ENHANCED SECURITY

By leveraging the security features of Web3 IDs, businesses can protect customer data and prevent breaches and identity theft. This can significantly reduce the cost of storing and securing customer data.

DATA ACCURACY

While businesses no longer need to store personal information beyond what is required by law, they can be confident that the data or records shared by other businesses and customers is accurate and up-to-date.

INCREASED CONVERSION RATES

Personalized offers based on customers' behavior and preferences can reduce the costs of advertising by significantly increasing conversion rates, eliminating intermediaries such as brokers, and thus creating a more accurate record of impression and transactions.

REGULATORY COMPLIANCE

The immutability of Web3 data provides a transparent record of transactions, which reduces the potential for fraudulent reporting or disputes, and provides a reliable audit trail for regulatory compliance and accountability.

CROSS-PLATFORM PORTABILITY

Web3 IDs are designed to be interoperable across different services and platforms, making it easier for businesses to access and utilize permissioned customer data consistently, without having to store this sensitive information.

EVERYONE BENEFITS FROM
THE FUTURE OF THE INTERNET

In the future of the internet, where decentralized technologies and Web3 IDs take center stage, everyone benefits. Consumers gain greater control over their personal data and online identities, enjoying enhanced privacy and security. They engage with advertising and services more meaningfully through opt-in models, earning rewards for participation.

For businesses, this landscape offers transparent and efficient data access, reducing fraud and improving advertising effectiveness. Ultimately, the future of the internet empowers individuals and enterprises alike, fostering trust, efficiency, and a more equitable digital ecosystem.