

FUELLING THE FUTURE

The Web3 23 → 24 Report

Outlier Ventures*

CONTENTS

03	OUR PANEL
04	EXECUTIVE SUMMARY
05	KEY TRENDS
08	LOOKING BACK
16	CHALLENGES AHEAD
21	OPPORTUNITIES IN 2024
34	THE OUTLIER'S OUTLOOK

Presented by



JAMIE BURKE

Founder & Chairman,
Outlier Ventures

OUR PANEL

JUSTIN BANON
Co-Founder,
Boson Protocol



MARC BAUMANN
Founder,
FiftyOne Ventures



LAURA CUNNINGHAM
General Manager,
NEAR Foundation



JASPER DE MAERE
Research Lead,
Outlier Ventures



KARIM HALABI
Token Design,
Outlier Ventures



THOMAS ISSA
NFT Strategy,
Outlier Ventures



RUTH GALVIN
Program Manager,
Outlier Ventures



RUMI MORALES
Partner & Board Member,
Outlier Ventures



ROBERT MULLINS
Token Design Lead,
Outlier Ventures



EUNIKA SOT
Marketing Advisory,
Outlier Ventures



IOANA SURPATEANU
NED,
CryptoUK



GABRIELE TEODORO
Sr. Legal Associate,
Outlier Ventures



FUELLING THE FUTURE

This year at Outlier Ventures we have reviewed close to 5000 applications for our programs in 2023 and worked with almost 100 Web3 startups.

With no other company working with as many Web3 projects globally, our unique perspective on the market and emergent trends gives us a unique viewpoint on 2023 and forward to 2024.

Together, with the input from our team and network of industry experts, we have outlined the “key trends”, challenges, innovations and opportunities for the year ahead including Regulation, Gaming, Bitcoin, decentralized physical infrastructure networks (DePINs), Artificial Intelligence (AI) and Real World Assets (RWAs). In part two of our report we spotlight the “The Outlier’s Outlook for 2024”, the more uncommon predictions that our Token Economies team has identified.



PART 1

KEY TRENDS

PART 1

KEY TRENDS

Among developments Outlier Ventures identified as key for the industry in the year ahead is the rising bump in interest in tokenizing [RWAs](#).

Alongside new infrastructure and more advanced tooling has come optimism that tokenizing Real World Assets (RWAs) will spur significant value creation, while garnering the interest of traditional financial institutions.

Looking further into the world of RWAs, Decentralized Physical Infrastructure (DePINs) have also been on our minds. We expect to see the development of decentralized wireless networks, data storage and greater computational power, as demand increases and barriers to entry lower, making backing these innovations easier for consumers.

Elsewhere, developers were working on improving tech that already exists, as [Bitcoin-based dApps stepped into the spotlight](#). The increase in interest was spurred on by the emergence of Ordinals. Bitcoin development is a trend we expect to see ramping up into 2024 – after all, less than 1% of Bitcoin is leveraged for dApps, and people are hungry to use their assets for something other than HODLing.

On the more consumer-facing side, 2023 was a year of further exploration in Web3 use cases for big brands like Nike and Starbucks building on the success of 2022. It was also the year of [pushing the ticket with IP](#), with physical products launched and IRL activations by the more crypto native players like Pudgy Penguins and Doodles. With early investment in dCommerce infrastructure through [Boson Protocol](#), we've been early believers in bringing brands into the Web3 world.



“One of the biggest narratives is the tokenization of Real World Assets”

JASPER DE MAERE

Research Lead, Outlier Ventures

We believe 2024 will be the year mainstream brands push to do something more innovative and interesting with blockchain, capitalising on the fact that they can deliver Web2 user experience with Web3 features.

Since late 2022, we've seen consumers, investors and corporations becoming increasingly excited about AI. This trend continued throughout 2023, becoming a topic that covered all industries globally.

As AI and blockchain technology mature with widespread adoption, we are finally seeing the intersection between both technologies being developed. Both fundamentally deal with the same asset.

At its core, blockchain technology is a way to store data while AI is used to increase the value extracted from data. Because they work with the same assets, there are numerous synergies to be unlocked, something which we expect to shift into high gears in 2024.



While the killer consumer app for bringing new people into crypto after the bear market still remains to be seen and recent security breach with the Ledger Connect Kit highlights the potential security vulnerabilities within the technology, developments in cross-chain tech making the user experience better, and modular blockchains improving things on the back end, there are certainly enough exciting developments to be paying attention to as companies and builders gear up for 2024.

“I really see digital assets becoming a tool of self expression for consumers – and for brands an opportunity to create much richer storytelling and brand experiences”

MARC BAUMANN

Founder, FiftyOne Ventures

Finally, in the previous years, we witnessed a myriad of experiments in the realm of crypto gaming. Following a period of growth challenges and thoughtful reassessment, we anticipate that 2024 will usher in a surge of innovative blockchain-based games seamlessly incorporating Web3 into conventional gaming frameworks.

PART 2

LOOKING
BACK

PART 2

LOOKING BACK

As the dust settles on 2023, one thing people on all sides of the table in Web3 can agree on was that it was eventful.

Between a major regulatory clean up by a number of jurisdictions around the world, multiple high profile court cases with founders and CEOs and the market being unpredictable, for some it might not seem like there has been much cause for optimism.

But, in spite of the turbulence over the past year and negative headlines, we have firsthand experience from the quality of projects alone that we have seen this year that there are many Web3 companies building really innovative projects that will help drive broader adoption.

“There were two very important developments for Web3 that I think happened in this past year. The first was the big cleansing of I think the worst excesses of the crypto bubble, but not unlike a forest fire that comes through and allows green shoots to emerge while the roots and foundations are still there. I feel very positive about the survivors and the companies that have been very responsible and sophisticated in their approach to broader adoption.” Outlier Ventures Partner and Board Member, [Rumi Morales](#) says.

“The second thing is AI. AI has been around for decades, but what happened this year and the hype around it is that it became popular because it was open. More people, normal people, were able to build applications using open artificial intelligence. And this is really exciting for Web3 because it is that shared ethos of an open community and shared development and shared dialogue around the building of advanced technologies for the greater good.” Morales adds.

Through early investments in companies like [Fetch.ai](#) and [Ocean Protocol](#), along with our [Convergence Thesis](#), we’ve been early believers in the power of Web3 to create a more secure and scalable AI landscape. And we look forward to releasing more major thought leadership on the topic early next year.

New developments have brought breakthroughs in areas like AI, modular blockchains and [zero-knowledge](#) technology, and the turbulence has come to be a symbol vindicating what blockchain was originally meant to do. Superseding centralized systems, facilitating ways to operate trustlessly and cutting out needless intermediaries has kind of been the point all along, and those who stuck to the principles of decentralisation are now preparing for the next cycle.



THE BUILD MARKET

In the world of startups, we have seen a surge in builders despite the market sentiment at Outlier Ventures and the general quality in projects applying higher than previous years.



“Whether it’s a bear market or a bull market, it surely always is a build market”

EUNIKA SOT

Marketing Advisory, Outlier Ventures

BITCOIN

THE SLUMBERING TITAN WOKE UP

Bitcoin builders were some of the developers fuelling the surge in new activity over the last year, as the veteran chain stepped further into the spotlight this year.

Development in Ordinals and composability and scalability solutions were a key driver of this. Now, people are using Bitcoin as a data availability layer and are building execution layers on top of it, or are simply using Bitcoin for security.

“People figured out how to create recursive inscriptions, which is a way for inscriptions to speak to each other and reference each other, which has unlocked a wide variety of use cases,”

KARIM HALABI

Token Design, Outlier Ventures



DEFI GREW UP AND INFRASTRUCTURE LEVELLED UP

This year also ushered in an improvement of the tech and financial engineering underpinning crypto, marking a maturation of the space.



“DeFi is maturing from a financial engineering and tech perspective every day. New advancements allow us to bring on-chain more

financial products and mechanisms that were impossible previously due to various new constraints of existing blockchains. DeFi is being hampered less and less by that because we have new layers and chains with faster execution, different virtual machines, and other technical advantages. You can now bring more high fidelity financial products on-chain.”

KARIM HALABI

Token Design, Outlier Ventures

[Karim Habibi](#) also highlights that “Some of the attacks that occurred also highlighted again how much of our interactions with DeFi and the ‘decentralized web’ actually rely on centralised intermediaries. New infra entering the space, also means we may be able to reduce reliance on some of the middlemen that leave the public vulnerable to attacks. These options already exist, but there is a lot of advance on with the regard to user and developer experience.”

NFT PROJECTS LEANING IN TO IP

Even though it was a less euphoric year for NFTs, brands continued to experiment with Web3 activations and ways to tie digital signatures to physical products.

- Projects like Pudgy Penguins, RTFKT, Doodles and Cool Cats are examples of those spearheading this trend, says [Thomas Issa](#), Outlier’s NFT and growth strategy manager. “These have all come to life with physical experiences and activations. Artists and creators embracing physical prints and merchandising has breathed new life into NFTs and digital collectibles.”

- Elsewhere, mainstream brands were experimenting, too. As [Marc Baumann](#) points out, 2023 saw a record number of NFT-related patent applications, with about 14 times as many applications as 2020. Alongside this, among the 47 top brands on the Interbrand Top 100 Global Brands List, 40 of them launched new Web3 activations.

- Baumann says Web3 for brands has been defined by the trialling of loyalty schemes, and the development of “phygital” products – real world items tied to digital counterparts.

“Brands continued to build & experiment with NFTs in 2023 – including Coca Cola, Beatport, Lufthansa, Crocs, Macy’s, Dior, Mercedes Benz and many, many others”

MARC BAUMANN

Founder, FiftyOne Ventures

“2023 saw a record number of NFT-related patent applications, with about 14 times as many applications as 2020.”



MARC BAUMANN
Founder, FiftyOne Ventures

REGULATION REGULATION REGULATION

Moves by regulators looking to clamp down on bad actors and improve oversight was an undoubted catalyst for change in Web3 this year.

CryptoUK's non-executive director, [Ioana Surpateanu](#) thinks this began with the EU's Markets in Crypto-Assets (MiCA) regulation, which set precedent for other jurisdictions to get their act together. Across the US and UK, new rules for regulating stablecoins were rolled out and various exchange giants were subject to clampdowns.

While, for the industry, enforcement actions sent coin prices lower and threw business models into question, these actions also spurred on maturation and growth. As an accelerator we work with founders who are looking for legal guidance. Having a framework in which they can operate is really important to them.

- "Market operators and Web3 businesses should engage in constructive dialogues with

regulators to shape a balanced regulatory environment," says Outlier senior legal associate [Gabriele Teodoro](#).

- "The fact that Web3 is dealing with a number of regulatory issues and will continue to be is a positive sign of health and maturation." Rumi Morales adds.

"Regulatory changes in Web3 depend on geopolitical factors, technological evolution & government's willingness to adopt Web3 technologies."

GABRIELE TEODORO

Sr. Legal Associate, Outlier Ventures

PART 3

CHALLENGES AHEAD

PART 3

CHALLENGES TO SOLVE IN 2024



1. USER EXPERIENCE

As Web3 and blockchain technology continue to diffuse across industries, some challenges remain. While there's progress in many areas, we expect to see continued focus on solving these into 2024 as we pave the way for the next one billion users to be onboarded and use the technology.

There is still a terminology problem – the ubiquitous use of terms like smart contract, crypto wallet and blockchain mean that education programs will be key to making non-tech literate users comfortable.

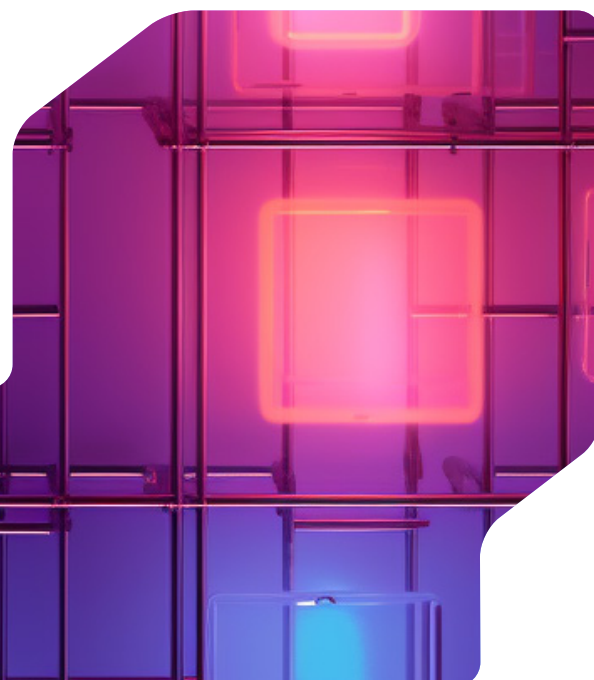
- Our Research Lead, [Jasper De Maere](#) highlights that “Web3 also needs to continue to abstract these away as we move from selling the tech, which requires difficult lingo, to selling the solution, which needs to be simple and digestible for users.”
- “Non-technical users still need to understand way too many different concepts and

technical capabilities,” says Jamie Burke, Outlier Ventures founder and chairman.

- However, Program Manager [Ruth Galvin](#) offers a hopeful look into the future based on comparisons between the Web3 space and early days of the internet. Ruth highlights that the numbers of active addresses and blockchain transactions have been growing steadily with over 60% increase in the last three years, she says “what is really interesting is that when you compare some of these numbers to the numbers that were around during the emergence of the internet, you can see that the trends and numbers are quite similar. So when you compare internet users versus unique active addresses, you see very similar trend lines as well.”

2. INFRASTRUCTURE

Even if crypto apps overcome UX and broader public perception hurdles, the infrastructure and middleware might not be able to handle a large influx of people due to scalability and security issues.





“I do believe we will see continued investment and efforts around infrastructure development, obviously cross chain interoperability, scalability solutions, privacy enhancing solutions, full encryption solutions,” says Ioana Surpateanu.

Outlier’s Token Design Lead [Robert Mullins](#), highlights that “Security issues still harm the industry, as seen with the recent issue caused by a malicious version of the Ledger Connect Kit, which injected a wallet drainer into the front end of dApps using this library. This event resulted in panic amongst the EVM community during the hours it took Ledger to rectify the situation.” These events highlight the potential security vulnerabilities, but they also present opportunities for experienced professionals to demonstrate their expertise and highlight the inherent advantages of blockchain technology.



“The opportunity here is to continue to develop crypto-native point of sale infrastructure. I think Solana is leading the charge”

THOMAS ISSA

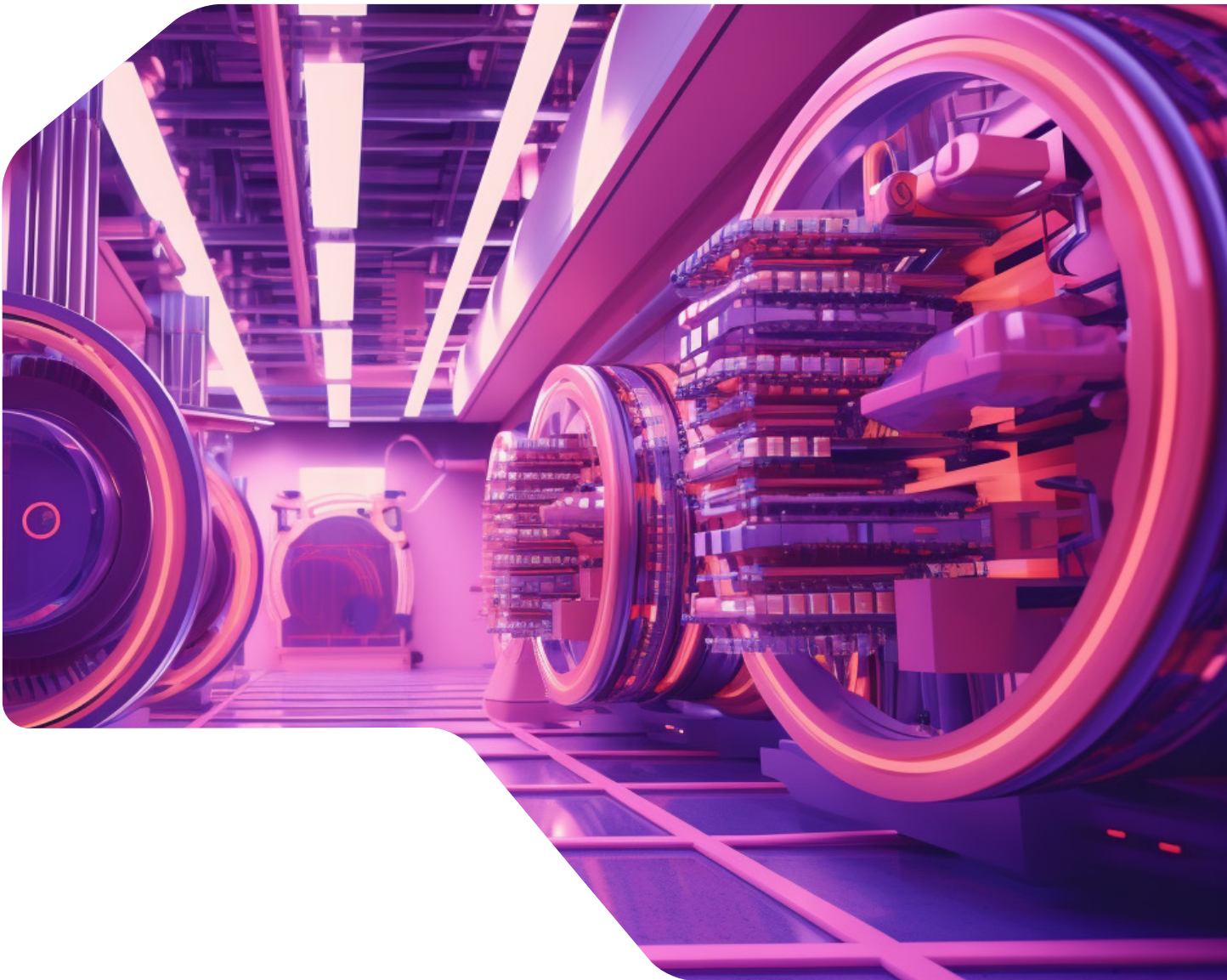
NFT Strategy, Outlier Ventures

3. REGULATION

The challenge of regulation will continue into next year.

“There are still a lot of open, uncertain questions that need to be answered,” says Marc Baumann referencing the SEC’s action against NFT projects Stoner Cats and Impact Theory.

“Both were projects that issued NFTs and both of them were charged by the SEC for an unregistered security sale. And this caused a lot of uncertainty in the market, especially for brands. That’s the last thing they want to be involved in.”



PART 4

OPPORTUNITIES
IN 2024

REGULATION – CREATING MORE CLARITY

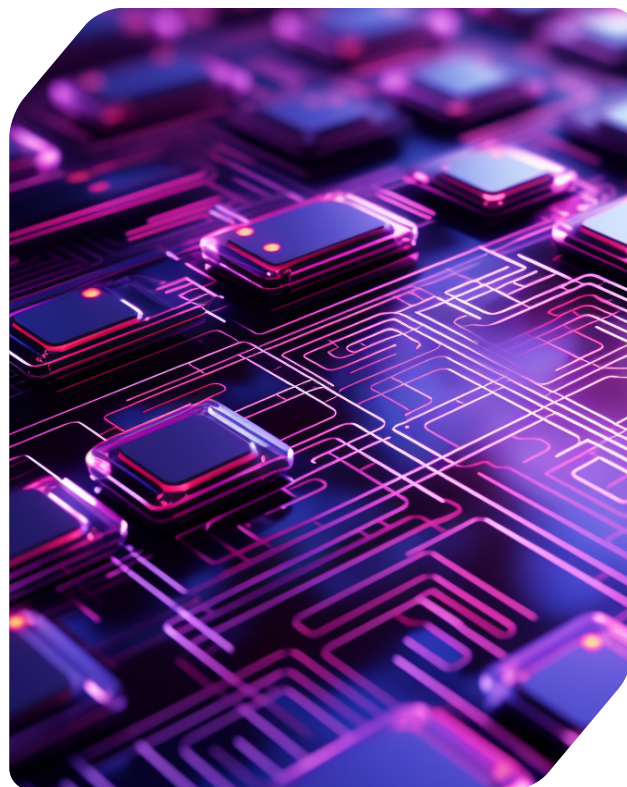
Whilst there is still a lot to be worked through, we also see this an opportunity. There has been lots of movement towards new crypto rules in 2023, regulators are not done yet. Looking forward, Outlier Ventures believes increased clarity from lawmakers is key for fostering healthy decentralized markets.

“Without clear regulations, there’s a risk for innovators and founders that they’re working in an uncertain environment leading to either overly cautious or potentially risky practices,” says Jamie Burke. “This lack of clarity is hindering progress and innovation, and consequently the adoption of Web3 technologies in both a b2b and consumer context.”

And with increased regulatory clarity will come higher conviction by institutions for how they can work with DeFi. “Obviously, in 2024, there will be more clarity around DeFi and newer products or processes created at the symbiosis between TradFi and DeFi,” says Ioana Suprateanu. “And when I say clarity, I don’t necessarily mean new laws but even a step back from regulation, to add some political gravitas into the mix.”

“Looking forward, the progression of regulatory changes in Web3 depends on geopolitical factors, technological evolution and Government’s willingness to adopt Web3 technologies. Market operators and Web3 businesses should engage in constructive dialogues with regulators to shape a balanced regulatory environment”, Gabriele Teodoro adds.

Rumi Morales also adds that “every important industry has a regulator.”



BITCOIN UNLOCKED

Looking at blockchain networks themselves, the groundwork laid in 2023 for further adoption and development of Bitcoin-related technologies will mean more innovation in this area and one of the core reasons we are kicking off our first [Bitcoin Base Camp accelerator program](#) in January.

As [Jasper De Maere](#) highlighted in [our Bitcoin thesis](#) earlier this year, Bitcoin is shedding its skin. Since its creation in 2009, Bitcoin has long been a medium of exchange. A new monetary future in which Bitcoin plays a central role.

The network's high-grade integrity combined with its lack of smart contract capabilities and low scalability makes it the perfect store of value in a digital era. 2023 brought in a wave of innovation on top of the Bitcoin network.

We believe 2024 will be a perfect storm of composability, scalability, and innovation. Ordinals and smart contract composability are providing founders with tools to leverage Bitcoin's network effect.



“You might be thinking: *“Weren’t real world assets a thing from a few years ago that never came to anything?”* This time, it’s different.”



JASPER DE MAERE
Research Lead, Outlier Ventures

REAL WORLD ASSETS

Storing digital copies (tokens) of RWAs on the blockchain has the potential to fundamentally change benefits and ownership tied to everyday assets.

Increasingly explored by the financial industry, we believe tokenization of RWAs will have an impact on every single industry as blockchain technology diffuses across society over the next decade.

“The overall ecosystem seems to be in a healthier place for mass adoption. And there’s quite a few things that have changed which we can actively measure,” he explains ahead of our [RWA thesis](#) coming out in January, pointing to mindshare around tokenization as one example of this.

“There’s also more tooling and infrastructure available for developers looking to put their assets on-chain,” he adds. “With the exception of some regions, we are seeing some regulatory clarity that can help unlock tokenization of real world assets, to their full potential. We believe it’s one of the largest opportunities in digital assets with implications across all industries.”

Asset manager 21.co has also calculated in October that, by 2030, the market for tokenized assets could reach as much as \$10 trillion in a “Bull case” and \$3.5 trillion in the “Bear case”.

“It’s eventually going to be negligent to transact value on anything other than a blockchain,” says Justin Banon, co-founder of Boson Protocol who has been heavily focused on RWAs. “If we’re going to onboard trillions of dollars of value we need the full power of decentralized systems to secure that value.”

Karim Halabi, also highlights that “We work with many teams that are still quite unsure on what they can and cannot do legally or, or how to structure their architecture because of regulatory worries and wanting to be compliant,” says “But a win on the regulatory side for DeFi has been the issuance of tokenized RWAs on-chain this past year or two. A lot of protocols have begun to issue tokenized T-bills and other RWAs on-chain, which has been great for legitimacy.”



“It’s eventually going to be negligent to transact value on anything but blockchain”

JUSTIN BANON

Co-founder, Boson Protocol

DECENTRALIZED PHYSICAL INFRASTRUCTURE NETWORKS (DEPIN)

The core physical infrastructure underpinning networks is set to get the decentralization treatment, too, in the coming year, with opportunities across multiple vertices set to play out as the demand for storage and processing power increases and costs come down.

[Robert Mullins](#) describes this, in short, as infrastructure that allows normally-centralized services to become decentralized. A prominent example of this might include Filecoin, which uses blockchain infrastructure to decentralize storage.

With the right DePIN, we will see things like 5G networks and cloud storage become run in a decreasingly top-down manner, allowing for greater efficiency. "I think this is going to become super important. The more AIs or LLMs that we have, the more need there will be for all this data to be stored in a decentralized way, which is where protocols like Filecoin will be leading the way" he adds.

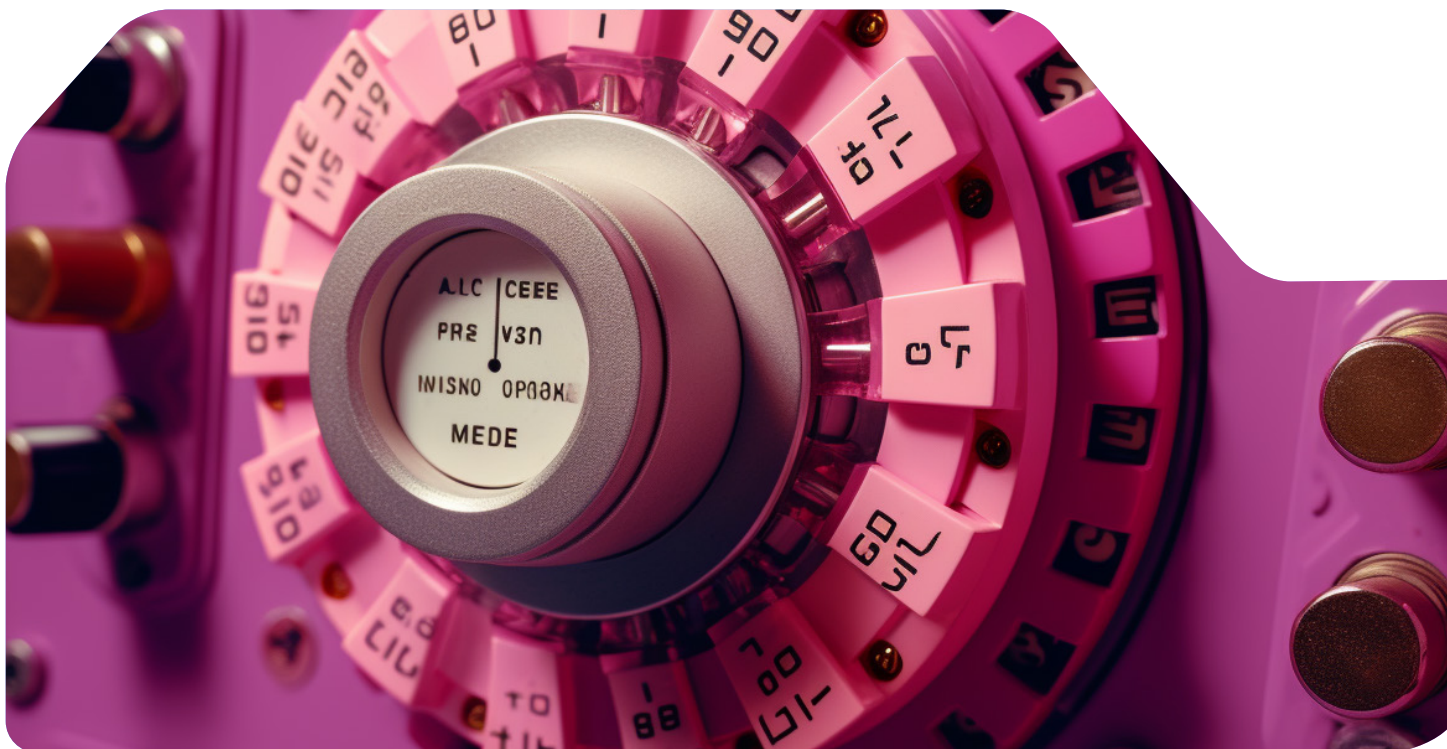


CENTRALIZED EXCHANGES LAUNCHING LAYER 2S

Outlier predicts there will also be a continuation of the trend 2023 saw of centralized exchanges like Kraken, OKX and Coinbase launching Layer 2 networks.

[Robert Mullins](#), highlights that by launching their own networks these exchanges can facilitate the trading of long tail assets, which can be deployed permissionlessly without listing them on their centralised platform. This could help alleviate the worries around the listing of potential securities or even conducting due diligence on these assets

while still profiting on the trading of them via sequencer fees. They might also be able to integrate some KYC products via an opt-in system, which gives users a perk, like not paying for gas if KYC'd. This allows exchanges, like Coinbase for instance, to KYC users in a more discreet manner.



MOBILE-FIRST APPS

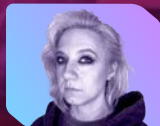
Outlier sees huge opportunities in user-friendly, mobile-first applications to act as an onboarding engine for new crypto users.

Robert Mullins says: “We saw a few mobile-first applications become popular this year. There were the telegram bots, Friend.tech, UniBot – anything like that, where the onboarding experience is via mobile rather than web-based or browser-based.

“A significant opportunity lies in mobile-first applications for Web3, as most people use mobile devices for their daily digital interactions,” adds Jamie Burke.



"I feel that any killer app out there needs to only focus on one principle: letting a lot of people do something that they really, really want to do. And unfortunately, the challenge is that sometimes that something hasn't been invented yet."

**EUNIKA SOT**

Marketing Advisory, Outlier Ventures

GAMING

Last cycle, we saw a lot being thrown at the wall in terms of crypto gaming. GameFi was what resulted from combining blockchain technology and gaming.

After its growing pain and a period of re-evaluation, we believe 2024 will bring a wave of new blockchain-based games leveraging the best elements of Web3, embedding them into more traditional gaming models.

We believe next year we will see Web3 games launch with a healthy balance of fun and financial incentives. Portfolio companies like Crucible have been developing the infrastructure layer of Web3 gaming, while projects like Fungies have been creating user-friendly no-code solutions for Web3 gaming. We look forward to seeing an explosion of Web3 games leveraging Web3 technology in the coming year.

In Web2 gaming, monetization through micro transactions can be disruptive to some player-bases. There is a massive rift between paying and non-paying players in terms of power and progression.

Jasper De Maere highlights that “one element in Web3 gaming we’re excited about is the redistribution of value generated and extracted from the game. In Web2 this almost exclusively flows to gaming studios. Web3 can redistribute this balance of power by rewarding non-paying active players for their contribution to the network effect of the gaming ecosystem. In return, the publisher and gaming studio get a more healthy, active

and overall thriving gaming ecosystem. In short Web3 can help redistribute the balance of power in games.”

“Another trend in gaming we’re still excited about is the blurring of barriers between gaming realms and between the physical and digital world. As experiences become increasingly digital and immersive, we believe users will want to make use of the assets they own in all environments they operate in, be this the physical world or different gaming environments” Jasper DeMaere adds.



ARTIFICIAL INTELLIGENCE

There's no doubt AI has been a huge area for all industries this year. There are naturally strong synergies between blockchain technology and AI because fundamentally they deal with the same primary asset, namely data.



“ AI is a theme that's been dear to us for several years, particularly in addressing issues like deepfakes and enhancing content authenticity.

Ultimately we expect a state of Web3 where blockchain technology serves as the trust machine (infrastructure) and where AI is making the overall Web3 experience tailored, meaningful and immersive (applications) for the users”

JAMIE BURKE

Founder & Chairman, Outlier Ventures

Jasper De Maere says that “When looking at the data lifecycle, which generally consists of three key steps (creation, storage and extraction), we see that blockchain tech is enhancing the way we store data while AI is improving the value extraction. So the synergies stem from their proximity in the data value chain.”

The convergence between both technologies lies in their strong synergies and their abilities to solve the shortcomings of one another.

We think AI can improve blockchain technology with its scalability and efficiency, making development easier and improving the Web3 promise that was created by integrating blockchain technology into the

existing internet infrastructure. As Jamie Burke adds: “We believe that AI, far from distracting from this mission, will ultimately be a key driver for the adoption of Web3 and its success.”

“We think blockchain technology can improve AI with its data privacy, integrity and access. The technology can track the authenticity of AI generated content and agents and can decentralise and redistribute the control and access over powerful AI.”



BRAND ACTIVATIONS

The ways brands can use Web3 to level up their businesses has been a key talking point over the past year and one we see continuing into next year.

As Marc Baumann explains, many big brands entered the Web3 space in the last bull run, mostly releasing NFT collections. While the hype around them faded, the core technology and mass-market potential remained the same.

Marc Baumann sees three key opportunities which will drive brand activations in the next bull run: 1. Tokenization of Real World Assets (RWAs) or phygitals 2. Brand activations and 3. Loyalty applications. Altogether, this overall shift from isolated use cases to integrated use cases for Web3 technology will play a key role in mass- adoption of Web3.

Jamie Burke highlights that: "As brands explore the possibilities through loyalty incentives like Starbucks and the acquisition of new audiences like Nike's Dot Swoosh, they are likely to create unique and immersive experiences that prioritise user empowerment and authenticity."

Although there is a caveat: Boson's Justin Banon thinks Web2 brands experimenting with blockchain will have to be thoughtful in their approach, delivering core Web3 benefits

to consumers rather than treating it as a gimmick. "Brands that want to capitalise on this new market need to deliver real Web3 with Web2 UX," he adds.



PART 5

THE OUTLIER'S OUTLOOK

THE OUTLIER'S OUTLOOK

In the first half of this report, we charted the broader industry trends that we expect to see. Our Token Economies team have outlined the more uncommon predictions for the next year, charting key trends in NFT utility, tokens, DeFi, and mass-adoption.

1. NFTs become the base layer of consumption in an on-chain context

- a) Experiences to claim/mint will become more dynamic and interactive
- b) They will shift to being used more for loyalty, rather than customer acquisition
- c) Products will find product-market fit before dropping a collection
- d) They will play a larger role within our social graphs and for coordination of communities
- e) 10k NFT collections will become a thing of the past, unless they are specifically launched as a nod to the 10k heritage

2. The way we think about on-chain tokens will shift from representations of monetary value, to just representations of 'things'

- a) This will still comprise monetary value
- b) 'Tokens' will become a meaningless word as tokens start being issued to represent interests and connections, not just ownership or incentive mechanisms
- c) They will be akin to cookies in Web2; as data points of our on-chain activities or facets of identity will also be represented by tokens
- d) The tokens we hold in our wallets will influence our User Experience (UX) when using apps - they will adapt to our profile as based on our on chain histories

3. Token engineering and launches become more mature

- a) There will emerge better and more sophisticated tools for modelling and simulations
- b) Auxiliary services such as professional fundamental analysis become more common ahead of token launches
- c) Variable token inflation based upon exogenous factors such as network key performance indicators (KPIs) to become more common
- d) Many older DeFi protocols will attempt to revamp their Token Designs as market participants criticise lack of rational value capture
- e) Many waiting for optimal market conditions to launch their token will wait too long, which will result in the mindshare they can capture being diluted

4. DeFi liquidity management to become more rigorous

- a) More quantitative measures and tools will be used to find optimal amounts of liquidity to incentivize, and the most efficient strategies across renting, buying, and bribing
- b) Novel Automated Market Maker (AMM) designs will experience more adoption and outpace older designs in terms of total value locked (TVL) accrual due to higher capital efficiency
- c) Web2 institutions launching tokens will rely on crypto-native experts with experience to strategise efficient liquidity strategies

5. The masses are coming, and with them: changes

- a) Adherence to crypto-anarchist ethos of censorship resistance and immutability will be forgotten quickly in the face of mass consumer applications that leverage blockchain in the backend using abstractions
- b) At least one big tech company attempts to vampire attack a large public blockchain and complement it with their superior dev tooling and infra in order to try wrestle away some of the value capture potential of public chains
- c) Decentralized resource marketplaces (DePIN) continue to grow based on hype, but many falter as their unit-economics fail to prove superior to centralized alternatives that capture economies of scale

All the industry experienced and learnt from in 2023 will set us up for a year of huge growth and maturity. Ultimately though, we believe that it is the founders who will continue to develop solutions to drive the areas of opportunities that we have outlined in this report.

If you're a founder and want to know more about how we can work together, please get in touch.

Apply to **Outlier Ventures*** Base Camp at outlierventures.io

FUELLING THE FUTURE

THANKS TO ALL OUR PARTICIPANTS



WATCH THE VIDEO

See our panel give their full take on what's in store for 2024



LISTEN TO OUR PODCAST

Hear a weekly Web3 specialist in conversation with Jamie Burke



SIGN UP TO OUR NEWSLETTER

Our weekly round up of everything Web3, straight to your inbox

DISCLAIMER

The information provided during this report, along with other material presented today or shared afterwards, and the accompanying oral report related to each material (collectively, “this report”), has been prepared, published and distributed by Outlier Ventures Operations Limited, a company registered in England and Wales, under company registration number 10722638 (the “Company”).

Information and opinions provided in this report have been obtained or derived from sources believed by the Company to be reliable, but the Company makes no representations as to their accuracy or completeness. The Company accepts no liability for any loss, (whether direct or indirect) arising from the use of the material presented in this report. Any forecasts, opinions, estimates and projections contained in this report are provided for illustrative purposes only. Such forecasts, opinions, estimates and projections involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forecasts, opinions, estimates and projections.

Recipients of this report must determine for themselves the reliance (if any) that they should place on such forecasts, opinions, estimates and projections. Past performance should not be considered as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report are subject to change without notice. Please note that the information provided to you might vary due to the changing market conditions and new risks that may emerge from time to time. The Company disclaims any liabilities for losses you may suffer due to your reliance on the information provided during this report. This report also may contain estimates and other statistical data made by third parties and by the Company relating to market size and growth and other industry data. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. The Company has not independently verified the statistical and other industry data generated by third parties and contained in this report. This report also contains estimated preliminary financial information which is based upon information available to the Company as of the date of this thesis and has not been audited or reviewed by the Company’s independent registered public accounting firm. The actual results may differ materially from this preliminary data. This report shall not constitute an offer or a recommendation by the Company or any of its directors, officers, employees, agents or advisers in connection with any purchase of or subscription for securities or otherwise. This report may contain material that is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject the Company to any registration or licensing requirement within such jurisdiction. The information contained in this report has been prepared for informational purposes only. Recipients should not construe the contents of this report as legal, tax, regulatory, financial, investment, trading or accounting advice or services and are urged to consult with their own advisers in relation to such matters. The Company accepts no liability for any loss arising from the use of the content of this report.



OUTLIER FUELS THE FUTURE