

# The Just Word Podcast

## Transcript of Episode 15 – NFT's (non fungible tokens) are HOT

**Pat Bolland** 00:01

Jon, great to see you again. Jon Dwyer, you're CEO of something called Wondr Gaming, and we will talk about that later on. But what exactly is an NFT? Because I come to you when I need explanation on everything.

**Jon Dwyer** 00:16

Oh, really? That's good. Thanks. First off. Thanks for having me on... Yeah, I was remembering back to our days at Sun News and I come on your program, we talk all things energy in the Canadian finance space. An NFT is a non-fungible token. So the easiest way to conceptualize what an NFT is, is it as an alternative asset class. So the quickest way for us to really narrow it down is, when you grew up, you had a Wayne Gretzky rookie card, or a Paul Coffey rookie card, who's on our board of directors - shout out to our favorite hockey player, number 77 - Or nowadays, Tom Brady, or whoever it may be ... that rookie card being held in the physical form, you'd take it to the playground, you would sell it, you would trade it with your friends. NFT's can be thought of in the exact same realm, it's just the digitized version. So Wondr Gaming, we work with athletes, professional sports organizations, and professional, actual leagues themselves. And so the same way that they would be creating rookie cards or cards for all of the players, we're doing the exact same thing with still images, or with 15-second reels, and we're turning them into - what we call minting them - into NFT's and selling them on our platform.

**Pat Bolland** 00:19

My pleasure. Okay. But when I had a rookie card, it came out of bubblegum package kind of thing, and I wasn't the only one with a rookie card for Wayne Gretzky there - I don't know how many there were, but 1000s of them - And when I was kind of looking into these non-fungible tokens, they were unique, like it's having one rookie card, is that the case?

**Jon Dwyer** 01:53

No, that's, that's the case. So just like in the hockey card, or, you know, NFL card, major league baseball card world, you create a finite amount of supply. So you do 1 of 50, 1 of 100, 1 of 1000. It's up to the actual minter or publisher of the asset in which case we are. So I'll give you an example we work with, we're about to announce a very popular Toronto Blue Jay over the past 20 years. And he had some really great moments. And so of these moments, we're going to be maintaining a 1 of 50 of hitting a specific home run. A 1 of 200 of the video of that home run of the person rounding the bases. And so with that finite amount of products being created, again, items that we physically mint, or we're turning into an NFT, we then host them on our platform and sell them. And the unique thing about the way that we're going about it is, historically NFT's have been sold only through the realm of purchasing them with crypto. You know, not to speak ill of the whole crypto world, but we're selling our product exclusively through fiat so you can buy it in Canadian or US dollars and use your MasterCard or Visa to purchase it. We're in the business of doing exactly what we're talking about here - is helping folks understand that NFT's are a real new asset class that exists in many different spaces, and

democratizing your access to them such that you can physically go onto our platform and purchase them the exact same thing, way, that you would with any sports memorabilia.

**Pat Bolland** 03:26

Okay, but when I see fungible, that means exchangeable. In other words, I have \$1 bill in my pocket, well, I don't have anymore but in days gone by, I'd have a \$5 bill say in my pocket, and I could exchange that for other currency, whether that was the US dollar or other Canadian dollars as well or \$5 bills, so that fungible meant exchangeable. Non-fungible would suggest it's not exchangeable, is that the case,

**Jon Dwyer** 03:57

you can sell this product, you can't replicate it. So again, the idea being that there's a finite crop, there's a finite amount of them created. So if you and I go onto our platform, and we bid on a LeBron James card, or let's say something even more famous, let's say, Game 6 in the 1997 NBA Finals, when Jordan, you know, hit that very famous field goal for the Bulls to win their six championships, If we mint that we do a 1 of 50, you and I go on, and we buy one of these for \$500. Now, we can go out and sell that to anybody we want on the open market for whatever the demand price is at that moment. And so the unique thing about NFT's is that companies like ours actually host the sale and the providence in terms of who owns it on our blockchain. So you have a continuous infinite record of who actually owns these items. So if Pat Bolland goes out and buys this great NFT of Michael Jordan's shot, and then you sell it to me on another platform for \$6,000 the change in registry of ownership, that providence is going to go from you to me, and it's going to register your initial purchase price and the sale price that I have. So it's a very, it's not nearly as complicated as people think, it's a very straightforward transaction process. And I think just because of media is inherently sensationalist. And so what it tends to do is to focus on things like ... \$600,000, meme sells ... \$550,000, you know, picture of X cells. And so people say, this isn't a real industry, this is bizarre. Who's going to actually do this, when in actuality, this is a real industry, it's an alternative asset class and one that's growing, and it doesn't have to have a lot of the negative connotations that crypto has, because it's not an exchange-based system. It's purely driven by demand. So you're gonna see certain areas like sports, gaming, art ... These industries are going to be really popular and sustainable in the NFT space and others won't. But just like any industry, not everything applicable.

**Pat Bolland** 06:06

Okay. So what I'm hearing then is a digital asset. And you've described several digital memorabilia, for instance, the trading card analogy playing into that, backed up by a digital ledger, is that how it boils down?

**Jon Dwyer** 06:21

That's correct. Yeah, it's that simple.

**Pat Bolland** 06:24

Okay, great. I get it now. Now. Wondr Games ...

**Jon Dwyer** 06:29

I love these. I love these 'aha' moments with NFT's. It's my favorite thing to do for a living?

**Pat Bolland** 06:33

Well, it takes a lot to get your head around these things.

**Jon Dwyer** 06:38

Yeah, look, I, you know, when banking became digital, and the notion that you could access your balance, you could apply for new credit on your credit card, you can apply for a mortgage, you can apply for insurance. You know, some of the biggest debt encumbrances that people take on their lives, so much of it, if not all of it happens online. And so this is really just a continuation of that, in terms of now taking physical assets that we recognize and acknowledge as being valuable in a tangible good, and just digitizing it the way that we've done with so many other industries.

**Pat Bolland** 07:13

Okay, so then, Wondr Gaming, you obviously host NFT's, you host these memorabilia, these assets, these artwork, whatever you want to sell on a digital basis. Sounds to me, and I'm new to all of this, but it sounds to me like you're like the eBay for digital assets, in that, you know, memorabilia and all those things that we've been talking about. Is that the case? Or is there competition? Are there other people doing the same thing?

**Jon Dwyer** 07:30

Yeah, there are a lot of other companies out there at the moment that are in the NFT business. But just like the esports world, it's a, it's increasingly still a nascent industry as it relates to, you know, really understanding the scope, the size and scope of how big this can be. So it's completely under-serviced at the moment. And a huge playing field at that. Wondr Gaming specifically generates revenue in three silos. Our first is the media side of our business. We're partnered with Reddit. So we do a number of campaigns - ask me anything campaigns, things of that nature. We've got, you know, some great athletes like Fred vanVleet, who's on our executive team, our head of athlete engagement, and a number of other athletes, gamers and musicians we work with. So we're creating daily content. We're launching a show with Amazon Twitch in Q4, called the Wondr Show, which is going to be a hosted daily-content program. And again, we generate revenue through direct media where we partner with large telcos banks, insurance companies, and hardware businesses endemic to to eSports. And then to answer your question on the NFT side, which is our second revenue silo, we are very different from eBay insofar as we're not just a marketplace to host the transaction, we actually work directly with, as I mentioned earlier, you know, teams, individual athletes and organizations in terms of the league. We're going to be announcing shortly, a partnership with an NBA team, whereby we're taking memorabilia past and present both digital stills as well as videos, and we mint them, which is the process of taking them from being this physical product to turning it into a digital good. And then we actually facilitate their sale on our platform. So that's really an important distinction insofar as we're, we have a relationship in building the product as well as selling it. So there's a lot of great opportunity for us to make sure that we're putting the best product in the market out there.

**Pat Bolland** 09:44

You may have heard my story of how I got initially involved in Bitcoin, I was out to lunch with a buddy and he said the only way to really understand these things is to invest in them and follow them. So I did that, I took on my Visa card, and I bought \$50 worth of Bitcoin and promptly forgot about it ... it was on my phone or something. And about a year and a half later, my phone was lost, I got a new phone and all of a sudden boom, I opened up my phone, the app was still there, the Bitcoin were still there. And it was worth Well, in the end, it was almost \$2,000, a new set of golf clubs. Let's put it that way. Or how do I get started in NFT's?

**Jon Dwyer** 10:10

Yeah, so that's a really important question. So a lot of those concepts apply to NFT's. So the way that you purchase them in our realm is you have what's called a wallet, a digital wallet that you create. So currently, everyone in this space is transacting strictly through crypto. And that is a difficult proposition on many different fronts. And I don't mean to speak ill of crypto, I think, you know, it's an obviously huge industry with a massive future. But we're not in the crypto business necessarily, there is a crypto element to minting or, or actually creating the NFT's. But in terms of how we sell the product, as I mentioned, we transact only through fiat currency. So you can go onto our platform and purchase NFT's using Canadian or US dollars. And once you do that using your MasterCard or Visa, it goes into your individual wallet, which is essentially like your account. And that account is hosted on our blockchain as well. So there are a number of ways for recoverability in the event that you lose it. There's a lot of really scary stories of folks having millions of Bitcoin on a memory stick, and then of course losing it, or forgetting their password or the password being changed. And people lose massive fortunes. There are a number of ways now especially NFT industry to get around that. And it's it's something that's incredibly important to us. Because, you know, again, we're in the business of democratizing NFT's to make sure that everybody can access them and understand them and own, you know, a piece of history that's important to them. And the moment that the transaction and your ability to hold that asset becomes fragile, and becomes, you know, in a realm of people feel a sense of lack of security. That's where these industries really get hurt, and, and you lose your mainstream audience. So we're very, very focused on the security of these tokens.

**Pat Bolland** 11:54

You know, I'm gonna play devil's advocate just for a moment because when I think about these athletes and the people that are prioritized on NFT's, I wonder about artists, you know, you've got the struggling starving artists syndrome out there. Is there a way that NFT's can provide a better way to monetize art for all these artists,

**Jon Dwyer** 012:17

it's already happening. I mean, that's a very good point we're working with a group in Vancouver at the moment doing exactly that. Unfortunately, can't disclose the nature of our deal. But this specific artist who's very popular here in Canada has now ceased creating or distributing their their physical, good physical paintings that they're making. And, you know, we had a conference call yesterday and there was four of us on there, three of the other people, excluding me, all own physical portions of this artists art, and their value has gone through the roof, because now he's only going to be selling through NFT's. So that's perhaps an extreme example of somebody who's already an established artist. But again, this democratization element that we keep going back to is that the NFT's create an opportunity

for people to get their hands on these goods quicker. And the accretion as it relates to the value of the asset is very similar. And I can already hear people watching this saying, this guy's out to lunch, what are you talking about, you can't take a Group of Seven painting and turn it into an NFT and expect someone to have the same appreciation for that art. Well, that may be true for certain folks of certain age group, or people that have a more refined taste and understanding of art. But as this becomes more mainstream, and people look at it through two different lenses, A which is I own it, which is probably the most important piece, and I can I can sell it to somebody for a higher price. And then the other component is, is that the finite amount of that product that exists. So if there is 270, I'm using a random number Group of Seven paintings that are on display currently, and you went out and made an NFT of each one of them and did a 1 of 5 and you went out and sold it in the open market, you're gonna make a lot of money off of those. And that product, I guarantee you, will continue to be viewed as an alternative asset class, because there is a large enough group of people that are demanding to purchase that product,

**Pat Bolland** 14:17

There's got to be a massive marketplace for music, I'm thinking of, because it's digital, it's easy to do on that front, or even movies. So you've only got, you know, 500 copies of a Disney movie, all of a sudden, you've got a real asset.

**Jon Dwyer** 14:34

It's true. You know, there are bands now that are starting to, on their ecommerce websites, sell NFT's of certain moments in their careers. I mean, you know, the one of the biggest industries in the music world over the past 20 to 30 years, has been buying catalogs, there's a famous story of Paul McCartney telling Michael Jackson in the mid 80s, you know, a great way to preserve your wealth is to invest in buying other people's catalogs. And Michael Jackson famously said to them, fine, I'm gonna buy the Beatles catalog, which he did, and made an absolute fortune off of it. And so that same kind of phenomenon is now being seen in the digitized world. And the velocity of new products coming out is absolutely heightened to your point in the music world, because they get it, you know, and, and the music world is very famous for artists and their managers, transacting through revenue shares, as opposed to investing in new product. And and the world of building NFT's are companies like ours is always trend from a transactional standpoint, done through revenue shares, whereby, you know, we'll create the product, put it out to market, the artist gets 70%, we get 30 in perpetuity. So the music industry loves that type of transaction.

**Pat Bolland** 15:50

I'll bet, yeah, only a matter of time, though, Jon, before the big guys, and I'm talking Disney or, or Amazon or those kinds of guys step into this marketplace. How you, at Wondr Gaming is sitting there at the nascent beginning of the NFT world? How do you take on the big guys?

**Jon Dwyer** 16:08

I mean, this is a phenomenon that can be seen at any marketplace, you go out, you diligently build revenue, you build a real company, and you build an audience of folks that are buying your product. And, you know, I think that the m&a future of this industry is going to be very active, and companies like ours are going to be gobbled up by these larger players. I mean, the old idiom of, you know, why go out

and build it, you can buy it right ... that there is organic growth, or there's acquisitive growth. I mean, we're a company that grows through acquisitive growth. The esports and sports industry itself, that's just an inherent quality. And so, you know, at some point, there's always a bigger fish. But, you know, it doesn't matter what industry I've always been in, you know, you can pay attention to the capital markets as much as you want. But at the end of the day, you're rewarded by building a good business, right? And so that's the way that we look at NFT's and revenue and EBITDA is how we're going to be evaluated. And so you know, we think that we'll be one of those companies that's purchased at some point in the future but between now and then we just build a good business.

**Pat Bolland** 17:10

Yeah, in the meantime for the average show leave it up to you guys to do the business. Jon, great to chat you ... a great explainer. Appreciate it.

**Jon Dwyer** 17:18

Always great chatting with you, Pat. Thank you.

**Pat Bolland** 17:21

Jonathan Dwyer, CEO of Wondr Gaming