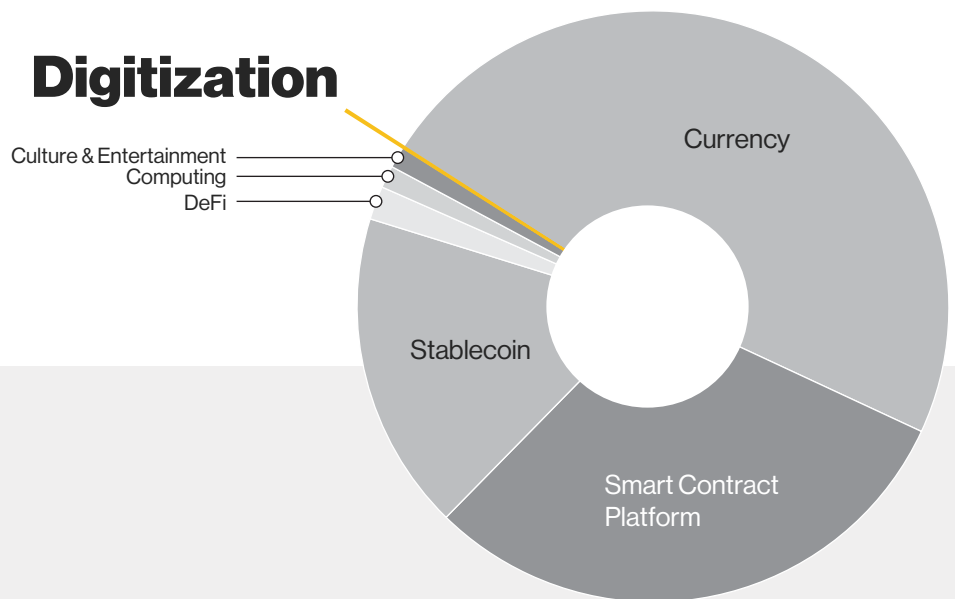


January 2023

Adding Value to Real World Documents with Authentication

A Primer on the Digitization Sector



Jodie Gunzberg, CFA
Managing Director

Max Good
Senior Index Research Analyst

Reilly Decker
Index Research Analyst

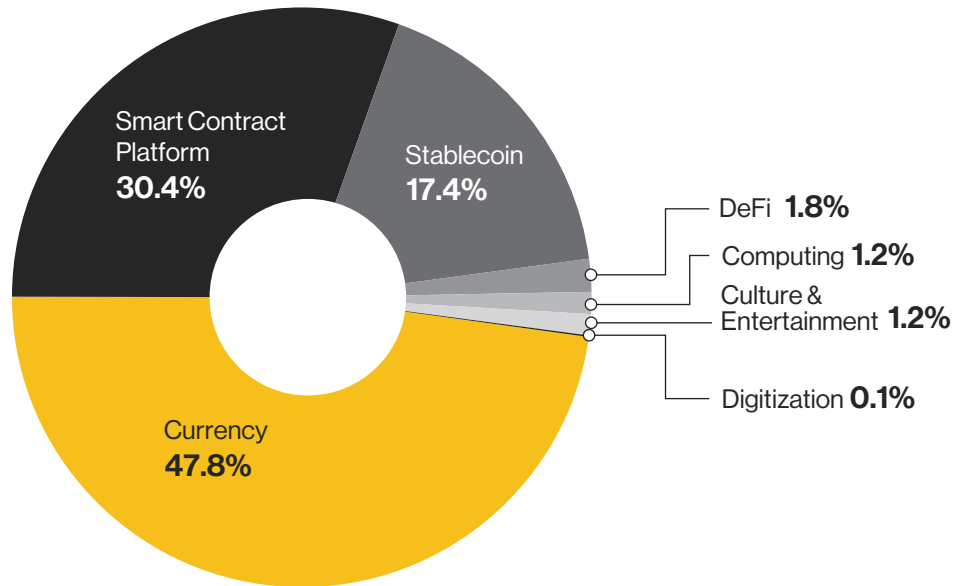
Introduction

In December 2021, CoinDesk Indices launched **Digital Asset Classification Standard (DACS)** to set the standard for defining the industries of digital assets. Every one of the top 500 digital assets by market capitalization is assigned to an industry, defined by DACS; then at least one industry is assigned to an industry group; and finally, at least one industry group is assigned to a sector.

Currently, there are seven sectors defined by DACS including Currency, Computing, DeFi (Decentralized Finance), Digitization, Entertainment, Smart Contract Platform, and Stablecoin. The Digitization sector is the smallest sector in DACS with 10 assets representing 0.1% of the digital asset market worth approximately \$674 million in market capitalization as of 12/31/2022.

Exhibit 1

CoinDesk Indices DACS



Source: CoinDesk Indices. 1/13/2023. Market capitalization data is based on 12/31/2022.

In this paper, we describe the Digitization sector in further detail by discussing its definition, constituents and significance in the broader digital asset space.

Defining the Digitization Sector

Digitization refers to the transformation of publicly verifiable ownership, identity and immutability enabled by blockchain technology. With the growth of the digital economy and crypto-native ecosystems, participants increasingly need a way to express their digital identity to facilitate fast, verifiable and censorship-resistant transactions on the blockchain. Although Digitization is currently the smallest sector in DACS, it has a wide range of use cases, including helping brands establish digital identity, accept crypto payments directly, and allow patients to digitize their medical

records to enable faster exchange of information without loss of privacy.

The [DACS Glossary](#) defines the Digitization sector as follows:

Digitization refers to the process by which real world documents, contracts, public names, etc. are uploaded to a blockchain for the purposes of transparency, publicly verifiable ownership, and immutability. Proof of ownership, identity, and authenticity are all valuable traits that are made possible by blockchain technology.

Industry Groups and Industries Inside the Digitization Sector

The Digitization sector is comprised of one industry group that is comprised of one industry. As the digital economy grows, it is likely the sector will expand with more industry groups and industries as use cases become more specialized.

Exhibit 2

Industry Groups Under Digitization Sector

Industry Group	Market Cap (\$)	No. of Assets	% of Market Cap
Digitization	674,222,661	10	100%

Source: CoinDesk Indices. 1/13/2023. Market capitalization data is based on 12/31/2022

Major Assets Inside the Digitization Sector

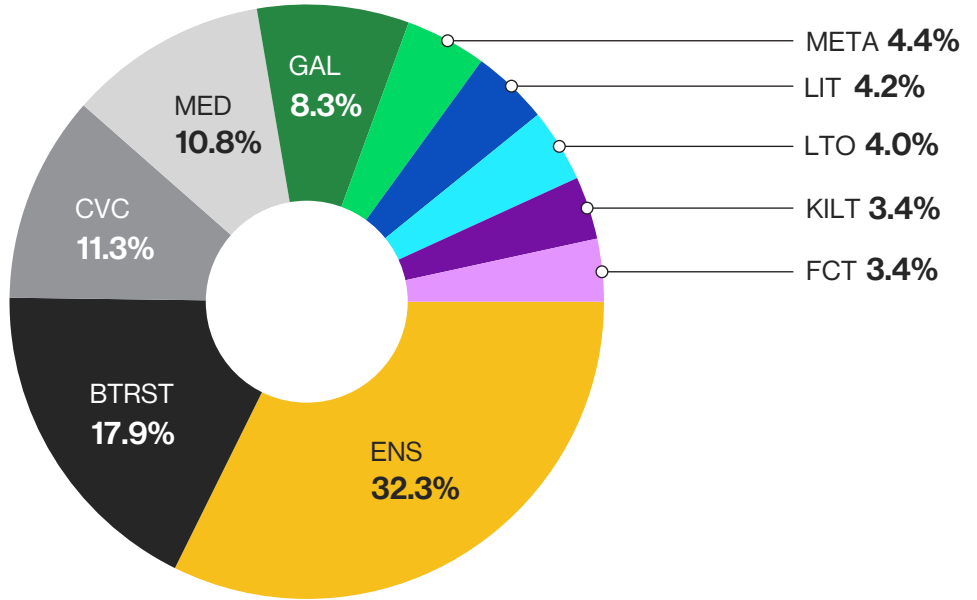
There are currently 10 assets in the Digitization sector. The largest 3 tokens in the sector are: Ethereum Name Service (ENS)¹, Braintrust (BTRST)² and Civic (CVC)³ representing 32.3%, 17.9% and 11.3% of the sector's market capitalization, respectively, as of 12/31/2022.

Exhibit 3

Assets inside the
DACs Digitization
Sector

CoinDesk Indices DACS Digitization Sector Assets

January 2023



Source: CoinDesk Indices. 1/13/2023. Market capitalization data is based on 12/31/2022.

Conclusion

The Digitization Sector includes projects that enable the digital transformation of real-world documents, contracts and identities. With blockchain technology, proof of ownership and authenticity can be achieved in a transparent, secure, and

trustless fashion. Although Digitization is currently the smallest sector in DACS, it is likely to grow with the increasing demand for establishing identities in the digital economy.

Relevant Indices

CoinDesk Market Index ([CMI](#))

CoinDesk Market Ex Stablecoin Index ([CMIX](#))

CoinDesk Digitization Index ([DTZ](#))

References

- 1 Ethereum Name Service (ENS) allows users to convert an alphanumeric public address to a recognizable domain name on the blockchain. ENS empowers brands to create their digital identity (i.e., Adidas.eth, Nike.eth, Puma.eth) to allow for crypto payments. Large social media platforms are also publicly announcing future NFT profiles which will be linked to users Ethereum wallets, naturally people will want to differentiate and customize their Ethereum address to be identifiable to all their followers and/or customers.
- 2 Braintrust (BTRST) is the first decentralized marketplace for talent that connects skilled workers with reputable brands looking to hire. Unlike many Web2 talent marketplaces, Braintrust allows workers to keep 100% of their earnings and even rewards users and referrals with the native BTRST token.
- 3 Civic (CVC) decentralizes identity verification and allows for the secure, encrypted sharing of verified identities on other platforms. This can be particularly useful for KYC applications, and other circumstances where a user must verify their identity, but doesn't want to be susceptible to hacks or leaks.

Important Notices and Disclosures

CoinDesk Indices, Inc. ("CDI") does not sponsor, endorse, sell, promote, or manage any investment offered by any third party that seeks to provide an investment return based on the performance of any index.

CDI is neither an investment adviser nor a commodity trading advisor and makes no representation regarding the advisability of making an investment linked to any CDI index. CDI does not act as a fiduciary. A decision to invest in any asset linked to a CDI index should not be made in reliance on any of the statements set forth in this document or elsewhere by CDI.

All content contained or used in any CDI index (the "Content") is owned by CDI and/or its third-party data providers and licensors, unless stated otherwise by CDI. CDI does not guarantee the accuracy, completeness, timeliness, adequacy, validity, or availability of any of the Content. CDI is not responsible for any errors or omissions, regardless of the cause, in the results obtained from the use of any of the Content. CDI does not assume any obligation to update the Content following publication in any form or format.

© 2023 CoinDesk Indices, Inc. All rights reserved.