Adding Value to Documents with Digitization

A Primer on the Digitization Sector

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**Introduction**

In December 2021, CoinDesk Indices launched its 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 six sectors defined by DACS including Currency, Computing, DeFi (Decentralized Finance), Digitization, Entertainment, and Smart Contract Platform. The Digitization sector is the smallest sector in DACS with 12 assets representing 0.1% of the digital asset market worth approximately $11 billion in market capitalization as of 8/31/2022.

**Exhibit 1**

CoinDesk Indices DACS

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

Source: CoinDesk Indices. 9/15/2022. Market capitalization data is based on 8/31/2022.
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, accepting crypto payments directly and allowing patients to digitize their medical records to enable faster exchange of information without a 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 purpose 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

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

Exhibit 2
Industry Groups Under Digitization Sector

<table>
<thead>
<tr>
<th>Industry Group</th>
<th>Market Cap ($)</th>
<th>No. of Assets</th>
<th>% of Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digitization</td>
<td>1060469852</td>
<td>12</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: CoinDesk Indices. 9/15/2022. Market capitalization data is based on 8/31/2022

Major Assets Inside the Digitization Sector

There are currently 12 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 23.8%, 16.7% and 13.6% of the sector market capitalization, respectively, as of 8/31/2022.
Exhibit 3
Assets Inside the DACS Digitization Sector

Coindesk Indices DACS Digitization Sector Assets
September 2022

Source: CoinDesk Indices. 9/15/2022. Market capitalization data is based on 8/31/2022

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)

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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 (e.g., 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 Web 2.0 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 removes the need for third parties to be involved in the process. This virtually eliminates existing attack vectors for confidential information being accidentally or maliciously leaked, and drastically increases the efficiency of the identity verification process.

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