

Techtopia with Chitra Ragavan

Episode 12: Bryan Cunningham

Chitra Ragavan:

Over the past seven months, non-fungible tokens or NFTs have captured the world's imagination and hype cycle, especially after the digital artists known as Beeple sold an NFT, which is a blockchain-verified proof of transfer of ownership for one of his prints for a record \$69 million. Since then, demand for these types of collectible digital art has exploded. Artists, writers, and entire industries are trying to tap into this lucrative new art form and create all kinds of NFTs for movies, albums, photographs, even a single tweet.

Chitra Ragavan:

Hello, everyone. I'm Chitra Ragavan, and this is Techtopia. At the forefront of the NFT effort in the digital newsroom is the business publication, Quartz, which sold the first news article converted into a non-fungible token or NFT. Since then, the New York Times, Time Magazine, and other news outlets have followed suit with their own NFT offerings. Joining me now to talk about NFTs and the media landscape is Zach Seward. He's co-founder and CEO of Quartz. Seward is widely recognized as a leader in digital journalism, cited in publications, such as Forbes, Crain's New York Business, Digiday and FOLIO. Prior to joining Quartz, Seward was a reporter at the Wall Street Journal, covering education and health, and then served as the newspaper's first social media editor. Before the Wall Street Journal, he was an assistant editor at Harvard's Nieman Journalism Lab covering the media industry. Zach, welcome to Techtopia.

Zach Seward:

Thank you so much for having me.

Chitra Ragavan:

Well, tell me how you made the journey from journalism to digital journalism and over to Quartz and why you got it started.

Zach Seward:

Yeah. I helped start Quartz back in 2012. Before that, as you were just saying, I was at the Wall Street Journal. My boss there was this guy Kevin Delaney, who was the managing editor of WSJ.com. He gets hired away by Atlantic Media in the very beginning of 2012 to launch a new business news site for Atlantic Media. That company then published the Atlantic Magazine, a few other titles. They had this theory, which proved correct, that there was some white space for a digital-only global business news publication that would go after advertising that was largely locked up with the Financial

Times and the Economist, which by dint of that, not being a very competitive market. It gotten complacent and certainly had the burden of having to focus on print.

Zach Seward:

And so, we came in, digital-only, totally free, focused on what a business news organization could be if it was not U.S.-centric and focused on its readers on their mobile phones, a few other tenants that we can get into. We're able to grow really quickly, largely on the back of both social media and email at the beginning. We ultimately were sold by Atlantic Media in 2018 to a Japanese media company, Uzabase. We were under their ownership for the last two years until the very end of last year, 2020, which made a whole lot of turbulence in the whole media industry. Uzabase put us up for sale, and in a twist that I'm also happy to talk at greater length about, I and Katherine Bell, our editor in chief, ended up buying the company from Uzabase in a management buyout. Quartz is now a completely independent media company, about a hundred people in the company, newsroom of 50 people all over the world covering global business news and trying to chart on a path now as a totally independent media company.

Chitra Ragavan:

Well, congratulations. I think that's really good news.

Zach Seward:

Thank you. Yeah, it's been fun.

Chitra Ragavan:

How does your approach differ from your competitors when you take on business areas that you want to do explanatory journalism on?

Zach Seward:

Mm-hmm (affirmative). Yeah, there's a few differences, but the most important, I think, and one that's been core to Quartz editorial approach from the beginning is how we organize our newsroom and our coverage for readers, whereas in most newsrooms, the coverage is divided up into beats, the telecom reporter, the commodities reporter, the education reporter. We divide our coverage up into what we call obsessions. So with obsessions, we're not trying to identify or take the entirety of the global economy and divided up into small chunks so that we can comprehensively cover everything. We're instead saying what are the most important macro trends in the global economy that we're paying attention to and think our readers ought to be paying attention to.

Zach Seward:

And so, in years past, that has included the shift of television from the linear television to digital IP distribution or a disruption of the oil market with the growth of shale oil and electric power. Now, more recently, we're intensely focused on the climate economy, clean energy, and solutions to climate change and a variety of other obsessions. When we cover these topics, we try to do so in a way that is less myopic than it tends to

happen, I think, in traditional newsrooms with these very focused beats and instead takes a more interdisciplinary approach. So, I'll give an example from my own writing days at Quartz. I mentioned an obsession of ours for many years was about digital television. It was called Glass. The thesis being it's all just glass, whether you're watching on a television, your phone, iPad or something in between.

Zach Seward:

In any event, the shift, everything, the disruption happening in television, the fascinating story, and it's getting covered elsewhere by the culture desk of the arts reporter and by the business writer covering the big companies competing in the streaming service, streaming wars, as well as maybe the telecom angle and so on and so forth, but it's separate reporters covering from separate angles. Our conviction is as a result, probably not getting the whole of the story. What's happening to television is as much a cultural story that changing the way people consume media and even how it's created in the first place as it is a business story. What are the tactics needed to win over consumers? Is it a winner-take-all market? So on, so forth, and covering it as both of those things. The once we found works better, provides a richer type of journalism for our readers. I think it's the most distinguishing thing about Quartz's approach.

Chitra Ragavan:

How much emphasis do you put on covering blockchain technology, cryptocurrency and digital assets in terms of a potential obsession, I guess?

Zach Seward:

Yeah, it's something we've covered from day one. Day one for us was 2012, so those were very, very early days for crypto and blockchain. Our coverage has tended to be way less focused on cryptocurrency markets and the markets generally, the get-rich-quick aspects of crypto. Much of that, of course, is a big reason why people pay attention to blockchain tech. It's usually not what's actually enduringly interesting about what's going on here. And so, when Bitcoin was first exploding in those early years, 2013, 2014, our conviction was, sure, it's a fascinating market and we want to understand the market dynamics, but we also want to make sure, and most importantly, that our readers get what's going on in a more fundamental way. What's the truly durable bit of knowledge here? In that case, we thought it was really important to understand how Bitcoin mining works. I think it's one of those things that when that clicks for you, you start to understand what's different and revolutionary about the concept of blockchain more generally.

Chitra Ragavan:

How do you explain that? How did you do that?

Zach Seward:

To do that, we published a story, the headline of which was *By Reading This Article, You're Mining Bitcoin*. It was literally true. We wrote just a bit of JavaScript that would run on your browser as you're reading the article to actually do a bit of the cryptography

necessary to mine Bitcoin, not quite as powerful as Bitcoin farms in China so it wasn't making much money, but it was a really concrete example that as I was reading this explanation, you can think about it and better understand. Of course, it's also just a meta and more enjoyable to readers as a result. We found it a really great way to explain a pretty then obscure or difficult to understand topic for our readers. That got us interested in other ways we could better explain what's really interesting and underlying blockchain tech.

Chitra Ragavan:

Perhaps you could explain it lay terms for our audience what a non-fungible token or NFT is and how it differs from fungible tokens, and then we can talk about what you did to explain the NFT to people.

Zach Seward:

Yes, sure. So I think the biggest, most important trend in crypto over the last several years that people should know about is if you're just still focused on crypto as Bitcoin and you've missed the explosion of other coins in the meantime, and in particular, the explosion of Ethereum, which I'm going to oversimplify this and I should qualify as well, I'm no crypto expert, but one big underlying concept behind Ethereum was to allow the creation of unlimited number of coins and tokens that on the same blockchain using the same shared infrastructure, which has led to that explosion. These tokens can come in one of two flavors.

Zach Seward:

When you're talking about a Bitcoin that's traded like a currency, one Bitcoin just like \$1 bill is just the same as any other Bitcoin or any other dollar bill. They're totally exchangeable or fungible. They're not unique. But with non-fungible tokens, it's exactly the opposite. Each token is unique. They might all have the same rights or contractual obligations underlying them, but my non-fungible token is uniquely mine because I have the keys to it and can verify that it belongs to me and nobody else, such as NFT is yours alone as well. This is a pretty basic concept, but once you get that basic concept down, it opens up a lot of really interesting possibilities.

Chitra Ragavan:

Yeah. I think one of the best explanations I read was on Citi Ventures website of all things. Basically, it described how these non-fungible tokens can represent anything, a piece of art, a song, a odor, a piece of real estate. It's like the article said, like a digital property deed, so that can provide a verifiable way to transfer ownership of anything you can imagine. In the case of the crazy Beeple sale, a piece of art for \$69 million. Go figure, right? So how did you then take this idea and communicate it with your audience to show how an NFT works?

Zach Seward:

Well, we wanted to accomplish the seemingly simple, but as this is the last few minutes of our conversation make clear and not actually that simple goal of explaining what a

NFT is. And so, we try the same meta approach as we had in the past by minting that very article as its own NFT. So, the article itself was an explanation of that whole process that we went through in order to mint the NFT, and then put it up for auction on open sea. And then, actually, that's where the story ends because of course, then the auction commence and we found out if there was anyone actually interested in buying this thing.

Zach Seward:

But what you were literally buying, in our case, as with Beeple piece of art and with most every NFT is just an indication on the blockchain that references the URL of our article, or actually a JPEG of the article and says you own it, but you don't control that article. You can't go in and edit it. We, in most actual respects, still own the article. It's a weird concept to get your head around. I'm not saying it's bullshit. It's a real concept. But if you start to scratch your head like, "Why would anyone think that these things are actually valuable?" you're asking a good question. I think it's highly debatable where the real value is in NFTs.

Chitra Ragavan:

So, when somebody paid the \$69 million for that Beeple's work of art, Everydays - The First 5000 Days, I think it was called. What were they actually buying?

Zach Seward:

Right. They were buying, in my mind, a URL that... They were buying the right to be listed as the owner on a publicly accessible and verifiable blockchain in a way that typically has their name or however they want to represent their ownership, their private key, and a reference, a URL referring to the digital piece of art. The file itself is obviously a digital file. It's infinitely replicable. NFTs are fascinating way to try to square the fact that digital files are infinitely replicable with the fact that creators of them want to be paid for their work. There is value in art, even if it's entirely in pixels. That's why it's a fascinating concept, but again, it isn't really analogous with the sale of physical goods in any way.

Chitra Ragavan:

When you actually think about that, it just seems amazing, right? Why would somebody pay money for that? I mean, why? Why is there so much speculation around this, would you say, at least at the moment?

Zach Seward:

The simple cynical answer is anywhere people smell a get-rich-quick opportunity, there's going to be a lot of attention all of a sudden. I do think that that explains a decent amount of the excitement around NFTs, but there really is quite a lot going on here that I think is important and likely to matter long after this initial hype cycle wears off. So, one of the projects, I forget the author's name off the top of my head, I apologize, but there's a project recently using NFTs to fund media that I find really fascinating, and I think is a easier to understand example of how NFTs might be used.

Zach Seward:

A fiction writer posted on Mirror, which is quickly becoming a popular Web3 writing platform. She write, "This is the concept for my next novel that I want to write. I need to raise this much money in order to be able to focus full time on writing the novel, so I'm going to sell NFTs of the book to a certain number of early backers to help make this happen." She's got a big enough of a fan base that she was able to sell those NFTs. In essence, that's very much like other forms of funding that we're more familiar with, like crowdfunding or patronage because in this case, the people buying the NFTs were buying this digital reference, just like in the Beppe example, so that's kind of weird, but also manifesting, the book itself, making it possible for the book to exist.

Zach Seward:

In this case, the author wanted to make it freely available, the book, to anyone on the internet, so the backers of the project are also making it possible for the book to be free for everyone else, and to the extent they see value in that, which, of course, they do. They like the writer. They want her work to spread far and wide. Why not buy the NFT? So, the thing that they're buying is, again, a wonky, hard to get your mind around idea, but really they're backing a creator that they like. That's a simple example of why you're seeing a lot of excitement about NFTs and related concepts in the creator economy, where it does seem like, I think, that's a viable form of funding of lifestyle for independent writers, artists and so on.

Chitra Ragavan:

Yeah. Especially after COVID-19, you saw so many artists and singers and performers at every level getting just absolutely decimated by the pandemic because people can't congregate anymore. And so, I imagine that this is a very exciting way for them to monetize some of their creative skills and recoup some of the stuff that they've lost over the last year and a year, a year and a half.

Zach Seward:

Yeah, I think that's right. It depends on what form of creator we're talking about, a writer or otherwise, but there's also new modes of how creators cooperate with each other, that crypto is more helpful to enable. It's easier to create collectives of artists or writers. Recently, people are pushing the idea of what's called a decentralized autonomous organization, where several creators go in essentially mint a token that represents that organization and raise money in a similar fashion to the way I was just talking about. But in the process, they're also creating a governance structure for, I don't even think you would call it a company, but sort of an alternative to a traditional corporate structure that this is so early days. I don't think there are really great examples yet of DAOs, as they're referred to, working at any scale, but that's pretty interesting and that's all, again, based on NFTs and a good example of where this might go that's more durable and a little less flashy or a get-rich-quick.

Chitra Ragavan:

Yeah. Before we talk about some of these crazy, eye-popping artworks and stuff that have been selling, I want to close the loop on your article. Were you able to auction it off, and did you make \$69 million?

Zach Seward:

Yeah. Right. I wish, not quite. But yeah, we were able to sell it for one ETH, which at that time was worth about \$1,800 USD. Actually, now, it's exploded. I think it's about \$4,000 somehow. We had said ahead of time that any of the proceeds were generated from a sale, we would donate to charity, in a charity that's near and dear to our heart. And so, that's, of course, what we did. I didn't think we were going to be able to sell it for quite that much. And so, that was awesome.

Chitra Ragavan:

Yeah. I think the New York Times columnist who turned his into an NFT, I think they were able to raise a half a million dollars for charity-

Zach Seward:

Yeah, even more.

Chitra Ragavan:

... which is amazing.

Zach Seward:

Yeah.

Chitra Ragavan:

There are some great examples, right? There's the first Oscar-nominated documentary turned into an NFT. Jack Dorsey's first Twitter, a tweet, his the founder of Twitter, his first tweet sold for \$2.2 million. The one that really interested me also was those NFT album, right? King of Leon's, When You See Yourself. What they're doing is they've got three types of tokens. It's fascinating, right? People don't realize this is basically programmable, right? So, they have three types of tokens. One would give you front row seats for life. The second one will give you special audio visual art. The third one will give you your own special album package. So I think it's fascinating. People don't realize you can customize these things as an artist and be able to really do some really creative ways of making money and getting your name out there and creating art. Mm-hmm (affirmative).

Zach Seward:

Totally. I think that points to what I think might be the easiest way to understand, well, any token, whether non-fungible or otherwise, which is as a contract. In the case of Kings of Leon, it's an essence this NFT is a contract that guarantees you rights to front row seats. There are startups experimenting with using non-fungible tokens as a mechanism for financing startups. So in that case, it's a contract that entitles you to

equity in the startup. That's a cool concept. I mean, contracts are not new, but the idea that you could have a decentralized publicly verifiable contract is new and what the blockchain enables. I do think these are very early examples. You're likely to see it applied in all sorts of cases, where you might otherwise have had a lot of lawyers involved. Well, there's still lawyers involved, but I think it's not clear enough.

Chitra Ragavan:

Potentially even more lawyers involved.

Zach Seward:

Yeah, exactly. A different type of lawyer, I'm sure.

Chitra Ragavan:

You covered the business world and artists aren't the only ones experimenting with this, right? A lot of businesses are as well. Do you have some examples of that?

Zach Seward:

Sure. Yeah. I mean, I think to be honest, the most of the experiments with NFTs to date have been exactly that experiments. To be clear, Quartz's own venture into NFTs is very much a journalism project to try to help explain it to our readers, not intending to be a moneymaker or a suggestion that this is a future of media. I think I interpreted it as similar some things that the Atlantic and Time Magazine did, you referenced them earlier, in selling NFTs of old covers of both of those magazines, which was a cool idea. But again, if you're questioning why would someone want to buy not the cover itself, but just, in some way, a reference to the cover, that's a good question. I think it's likely to turn out that those kinds of experiments, which are more what you've seen so far from businesses are not, though, the durable ones or it's not likely where the value really is.

Chitra Ragavan:

Yeah. I saw a couple of examples of Taco Bell and Charmin, the toilet paper company, auctioning of NFT themed art to raise funds for charity. My favorite was Charmin's NFTP, non-fungible toilet paper.

Zach Seward:

Perfect. Well, it says it all, right? I mean, I don't blame them at all. I could hardly write having been the news organization that sold the first NFT news article, but that's all stunts, that you see that, of course, at the beginning of any big hype cycle and whenever it starts to get interesting. What parts of it are durable? Probably not the toilet paper aspect, but who knows? Crazy things have happened. I would have said the same thing about Dogecoin many years ago, so what do I know?

Chitra Ragavan:

So, in the landscape of digital media and digital journalism, where do you see this fitting in the long term?

Zach Seward:

Well, I think there's likely a few practical examples who are likely to become if not mainstream certainly adopted by certain parts of a media industry. One is in licensing. So, I was saying a moment ago, one easy way to think about NFTs is as a contract, and in the term of crypto world, the smart contracts. If you're trying to facilitate allowing a lot of different potential customers to publish a photograph or a piece of writing that you own the copyright to, it gets really complicated really fast as organizations, like the Associated Press or Reuters or Getty Images. No. There are some distinct advantages to doing all of that on the blockchain. Right now, it's too obscure. It includes you to use to actually to imagine that Getty or AP, you're going to distribute their photos on the blockchain today. But as that user experience gets better, I do think that there's some huge advantages for the licensing business in media that the blockchain technology generally can enable, and that would definitely involve NFTs.

Chitra Ragavan:

And so, you see it having a lasting influence on journalism and on the world, or is it a passing fancy?

Zach Seward:

Yeah. No, well, it's like in that sense, it's a more boring prosaic influence, but that could be a very significant revenue line for a lot of publishers that have not been able to really make much of their syndication businesses. So in that sense, yeah, very much a lasting way. To be clear, I see even more exciting applications of NFTs in media. A lot of them, I think, are more likely to emerge from independent or smaller media companies, and journalists striking out on their own, who in trying to find like the right business model to support their kind of work are quickly turning to models that are either are based on the blockchain or are inspired by it to let their fans, in essence, invest in them in ways that these tokens start to enable.

Zach Seward:

We have concepts like rally coins that are coins based on Bepple, and that have taken off. They're valued based on how the community of fans investing in that person or the token representing that person value their work. It's fraught in all sorts of ways, but I do think that there's definitely a real trend there and we're likely to see a lot more of that in media, especially among the smaller outlets and indie journalists.

Chitra Ragavan:

Given how long you've covered a cryptocurrency, blockchain, digital assets, I want to pull it back out of NFTs for a minute. You've seen so much volatility in the industry over the last few weeks and months and talk of regulation. Congress is getting interested. There's just a lot of volatility, a lot of movement. How do you explain that to your readers right now? What are you seeing compared to where we were and where we're going?

Zach Seward:

Speaking about the crypto markets and trading in cryptocurrency specifically, it's a hypercharged version of the more traditional markets. Quartz's view of traditional stock trading, to be honest, has been a little dismissive. I don't think it's wise to day trade or follow the market movements on a hourly basis, definitely subscribe to index fund approach to investing. Anything else is either for fun, which gambling, it's fun as long as it's done responsibly, or essentially financial instruments designed to generate profits onto themselves, which is its own cottage industry that we don't cover.

Zach Seward:

So, a lot of what's going on in cryptocurrency, it's just the same thing, but even greater levels of speculation. I mean, again, if people want to be risking it all on these coins, just like any big risk, that it may well pay off, but it's not what I think is... Well, I wouldn't advise that. They had been taking that risk certainly, and it's not what I think is most interesting about cryptocurrencies. There's this weird paradox because it's definitely what gets people interested. I'm not trying to be so self-righteous. I found it fascinating and follow it more closely when Dogecoin is a quintupling in price overnight. That is crazy and fun and interesting to watch, but it's probably not the real story there.

Chitra Ragavan:

So, what interests you the most, would you say, at this point?

Zach Seward:

I do believe that the decentralized nature of the blockchain, and I would bet on the Ethereum blockchain if I had to, is the best bet we have to achieve some of the early principles of the early web. That's why people are thinking or talking about Web3 as a version of the web that is based on the blockchain and blockchain concepts. That means applications that are totally decentralized and, of course, finance that can run in a decentralized way. I do think that is fascinating and important and has some important advantages over traditional finance systems. What needs to happen is it needs to get easier to use and more accessible to a broader group of people as fast as possible. The last year, there's been enormous acceleration on that, but it can't happen fast enough because... So, what most interests me are ways people are basically obscuring the blockchain parts of the blockchain.

Zach Seward:

So, there's a startup called Magic, that all they do is help sites generate magic links to help you log into a website. You're seeing, "Put your email here and then email me a link to login." So, they're a provider of that kind of service, but it's done on the blockchain, but you would have no idea that that's the case. There's some advantages to doing it on the blockchain, that I'll let them make the case for it, but it just works. This whole crypto space needs a lot more applications that just work. There's a lot of good reasons why that has. That's been slow and it's complicated, but the faster that happens, the faster we get to what's really interesting here, I think.

Chitra Ragavan:

So that eventually people don't even realize they're on the blockchain. They're just doing their thing, like we take the Web 2.0 for granted.

Zach Seward:

Exactly. I'm not thinking for a moment about AWS has something to do with the Zoom that we're having right now, but of course, in the background, that's exactly what's happening. I just don't have to think about it because Zoom took care of that.

Chitra Ragavan:

Great. Well, Zach, thank you so much for joining me on Tectopia and for this amazing conversation and for explaining NFTs in a simple way. I guess I can now try to go convert this podcast episode into an NFT.

Zach Seward:

We got to split the proceeds if we do that.

Chitra Ragavan:

Absolutely. You got that. Let's do it.

Zach Seward:

All right. That's the creator economy.

Chitra Ragavan:

I love it. Zach Seward is the co-founder and CEO of Quartz, a digital business publication specializing in the analysis of the global economy and helping readers discover new industries, new markets and new ways of doing business that is more sustainable, innovative and inclusive. Seward is widely recognized as a leader in digital journalism and publications like Forbes, Crain's New York Business, Digiday and FOLIO, where he's been cited prior to joining Quartz, Seward worked at the Wall Street Journal first as a reporter covering education and health, then as the newspaper's first social media editor. Prior to that, he was an assistant editor at Harvard's Nieman Journalism Lab covering the media industry. This is Tectopia. I'm Chitra Ragavan.