

CHANGE THE GAME

**OPENLOCKER: THE  
INTERSECTION OF  
NIL & NFTS**





**OpenLocker Inc.** is a startup that is developing a user-friendly platform for college athletes to monetize their Name, Image and Likeness (NIL) and engage with fans through Non-Fungible Tokens (NFTs).

The NCAA policy change that went into effect on July 1, 2021 has created opportunities for college athletes to profit from their NIL and the popularity of NFT digital collectibles for sports fans has increased in the past year. With the NFT platform under development, OpenLocker seeks to position itself at the intersection of this digital innovation and the evolution of college athletics. In addition to revenue-sharing through the NFT platform, OpenLocker plans to open doors to additional opportunities for college athletes to increase their NIL earning potential and interact with fans and alumni.

OpenLocker has received verbal commitments from men's and women's athletes representing teams from both power and mid-major conferences and is currently in negotiations with several universities and businesses interested in co-licensing agreements as demand grows for more immersive fan-athlete connections to go along with the digital.

# WHAT'S AN NFT?



## **To understand NFTs, it is important to first understand cryptocurrencies.**

Cryptocurrency (or crypto) can be thought of as digital versions of cash controlled by private cryptographic keys used to encrypt and decrypt data. Much in the same way that ownership of physical cash is determined by holding a given amount of dollar bills and coins, cryptocurrency ownership is determined by holding a private key.

As a form of payment, cryptocurrency can be exchanged online for goods and services. Many companies have issued their own currencies, often called tokens, and these can be traded specifically for the good or service that the company provides. Think of them as you would arcade tokens or casino chips. You'll need to exchange real currency for the cryptocurrency to access the good or service. Cryptocurrencies work using a technology called blockchain.

Blockchain is a decentralized technology spread across many computers that manages and records transactions. Part of the appeal of this technology is its security.

More than 10,000 different cryptocurrencies are traded publicly, according to CoinMarketCap.com, a market research website. On August

18, 2021, the total value of all cryptocurrencies was more than \$1.9 trillion.

### **So What's an NFT?**

A non-fungible token (NFT) is a digital file (eg., a song, meme, video or digital trading card) with verified identity and ownership. This verification is done using blockchain technology. Blockchain technology, simply put, is an un-hackable system based on the mathematics of cryptography.

Although NFTs are tracked and managed on a blockchain, in contrast to fungible tokens (exchangeable data units, like bitcoin), an NFT is completely unique; so whereas bitcoin is traded for bitcoin, the 'non fungible' aspect of NFTs means they are not interchangeable.

Purchasing an NFT serves as a digital title deed or proof of ownership, which has driven much of the hype that people can now purchase, own, collect and sell digital assets, despite the files being shared and copied freely across the internet every day. In this sense, it's sort of like buying art in that although many copies of an artwork may exist, only one person can own the original.



Because of this, NFTs appeal to collectors, fans, teams, leagues, and talent, amongst others. They have become a great way for individuals and businesses to capitalize on unique assets, engage fans, and potentially generate revenue, while staying ahead of the curve and keeping pace with innovations in commerce. According to a Visa report, some of the common ways brands are using NFTs to grow their business include:

### **Fan Engagement**



NFTs can be much more than a collectible or piece of art, and savvy brands are recognizing that the most successful and long-term-relevant NFTs will be ones that have ongoing value and utility. For example, NFTs can better connect fans to their favorite teams or brands by offering voting rights to team decisions, access to exclusive offers, and the ability to earn rewards.

### **Customer Relationship Management**



Unlike physical goods, NFTs are trackable so it can be possible to see what wallet address they reside in. NFTs can open unique segmentation and engagement strategies based on trackable factors related to the NFTs owned/purchased. This might include the types of NFTs owned, the quantity owned, or the duration they've been held.

### **New Potential Revenue Streams**



Because NFTs enable digital scarcity, brands can sell exclusive, limited digital goods. Unlike physical goods, NFTs can include a smart contract that codes in a royalty percentage designated by the content creator. As such, subsequent sales or auctions of the NFT can generate revenue for the original NFT creator, providing an ongoing potential revenue stream as it is sold or auctioned.

Sources: <sup>1</sup> <https://usa.visa.com/content/dam/VCOM/regional/na/us/Solutions/documents/visa-nft-whitepaper.pdf>



## The Intersection of NIL & NFTs

We have entered a new era in college sports. And, the NIL business activity we have seen to date, well that's just the tip of the iceberg. Likewise, NFTs are gaining traction within the sports and marketing industries. A McKinsey & Company analysis showed that the sports NFT audience is relatively diverse, spread out among speculators, tech-lovers, collectors, and sports fans. While weekly sales figures and prices of sports-related NFTs have slowed, monthly transactions have increased, suggesting some stickiness to the market, which could reach \$2.5 billion annually from US buyers alone.<sup>2</sup>

There are several platforms, applications and marketplaces that currently employ blockchain technologies in the sports industry:

- **NBA Top Shot**, with a valuation at \$2.6 Billion, allows fans to purchase and sell highlight video clips of NBA games. These reels are coupled with NBA-licensed digital items
- **Sorare**, a global fantasy football (soccer) platform, allows users to play the role of manager, building

and managing teams by purchasing and collecting player NFTs

- Led by NFL superstar Tom Brady, and with notable names like Tiger Woods, Naomi Osaka, and Wayne Gretzky, **Autograph** allows famous athletes to create and sell NFT collections containing artwork, autographed memorabilia, and exclusive meetings with fans
- In 2020, **FC Barcelona** raised \$1.3 million in less than 2 hours by issuing fan tokens that gave holders exclusive access, VIP rights and influence over certain team-related decisions (eg., the design of murals inside the team's locker room)

### What Makes OpenLocker Different?

The OpenLocker NFT marketplace, slated to debut in Q4 2021, will be a trading and community engagement platform designed to help college athletes enhance the value of their NIL and easily earn monetary benefit. It will allow fans to purchase and trade NFTs, as well as earn exclusive rewards and engage in unique, curated experiences. Limited edition series and select NFTs will be released in

Sources: <sup>2</sup> <https://www.sportico.com/business/tech/2021/mckinsey-analysis-sports-nft-1234636826/>



a single drop for groups of athletes with a shared fan base to further build excitement.

Some NFTs will be bundled with one-of-a-kind collectible items so that ownership extends beyond the blockchain. OpenLocker is currently in negotiations with co-licensing partners to extend the benefits of NFTs and the NCAA NIL policy to athletes of all levels and sports.

Each athlete will be assigned a personal concierge, or LockerRoom attendant, who will help to manage each NFT drop. In addition to promotional support, the LockerRoom attendant will facilitate expeditious payment to athletes and ensure that fans receive on-time delivery of physical collectibles and enjoy seamless personal experiences.

OpenLocker's proprietary blockchain will make it easy for fans without experience using cryptocurrency to get in on the action. Users will be able to fill their wallet with cryptocurrency or transfer funds via ACH or credit cards. Designed for efficiency and novices in mind, transaction fees will be lower than those incurred on existing blockchains.



## OPENLOCKER

OpenLocker is a technology startup that is developing a user-friendly platform for college athletes to monetize their NIL and engage with fans through NFTs. Through the development of a proprietary blockchain, OpenLocker seeks to position itself at the intersection of digital innovation through NFTs and college athletes.

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# DEFINITIONS



**Bitcoin:** Bitcoin, the worlds largest cryptocurrency, is a digital currency which operates free of any central control or the oversight of banks or governments.

**Blockchain:** A decentralized collection of information (database) that makes it difficult or impossible to change or hack.

**Blockchain Transaction Fees:** Forms of payment to the miners or stakeholders who help operate the blockchain.

**Cryptocurrency:** A form of digital currency created by solving a complex series of cryptographic equations. Once "minted," the crypto exists on a blockchain and is decentralized, meaning it is not controlled by a singular entity like traditional currencies are. (e.g., Bitcoin)

**Crypto Exchange:** A marketplace to buy and sell assets/currencies. (e.g., Coinbase)

**Custodial:** A trusted entity stores/ holds cryptographic keys that provide access to assets on behalf of the consumer.

**Ethereum:** A decentralized, open source blockchain with smart contract functionality.

**Fungibility:** Something that is replaceable or exchangeable. (e.g., gold or silver)

**NFT (Non-Fungible Token):** Tokens that are tied to and/ or represent ownership of an underlying media asset.

**NIL (Name, Image, Likeness):** On June 30, 2021, the Division 1 Board of Directors approved an interim name, image and likeness (NIL) policy. This new policy allows all NCAA D1, D2 and D3 student-athletes to be compensated for their NIL as of July 1, 2021. College student-athletes competing in states without an NIL law will have the freedom to receive compensation for their NIL however they see fit, as long as they do not violate pay-for-play or receive financial incentives to sign with or remain at a program.

**Non-custodial:** The consumer is responsible for storing the cryptographic keys that control the tokens themselves.

**Non-Fungible:** Something that is unique and irreplaceable (e.g., autographed item).

**OpenSea:** The first and largest marketplace, similar to eBay for NFTs, with millions of assets organized into hundreds of categories for userowned digital goods, including collectibles, gaming items, digital art, and domain names.

**Tokenization:** The process of turning a meaningful piece of data, such as an account number, into a random string of characters called a token that has no meaningful value if breached.