# Toward Mass Adoption of web3

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## 1. What blockchain brings

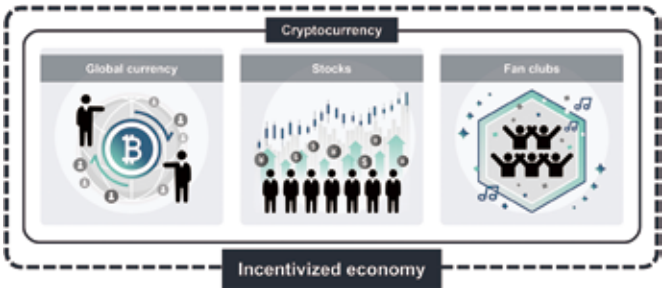
Before getting into the main topic, let's first clarify "what has blockchain, a new technology, brought to the table?" That question has no single answer, and it is important to answer it from multiple perspectives, such as technical, functional, and ideological. When conducting business using blockchain, if discussions take place without this awareness, the focus can easily shift, leading to misunderstandings; therefore, it is crucial to keep these perspectives in mind.

What I'm about to share is based on my personal experience in business. The potential of this innovative technology called "blockchain" is still largely unknown, and it may be used or interpreted in ways we haven't yet imagined. From a technical standpoint, blockchain is a technology that brings asset value to digital data and ensures the transparency and authenticity of peer-to-peer transactions. It will thus enable the ownership, trade, and mutual use of digital data as well as the expansion of the scope of use and mutual use of digital data. For example, crypto assets (payment currency) and non-fungible tokens (NFTs) (characters and items) linked to digital content such as games become users' assets and can become a user's own assets and be sold to other users. Depending on their design, it may also be possible to reuse them in other content. From the user's perspective, the money and time spent on content can serve as asset formation or investment behavior rather than consumption behavior (Figure 1).

**Figure 1**

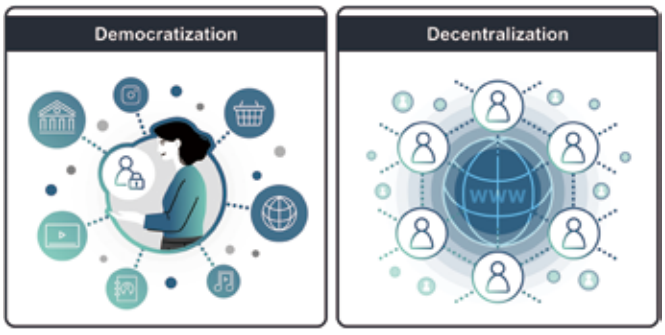

In terms of functionality, it is recognized that crypto assets combine the functions and elements of both financial aspects, such as a world currency (a global means of payment) and stocks (voting rights, price fluctuations, and funding), as well as a strong community aspect similar to a fan club. Utilizing these financial and community functions will make it possible to build a strong economic sphere that provides market participants with economic incentives (motivations that encourage autonomous behavior). In particular, the key point is that financial benefits are likely to be returned to early market participants—so-called "first fans" (Figure 2).

**Figure 2**




From an ideological perspective, blockchain (or perhaps the term "web3" is more appropriate) brings about a social movement that promotes "democratization" (individual sovereignty) and "decentralization" (personal responsibility). It is necessary to move away from the current centralized-management society, and although society will not swing dramatically to decentralization, a change in values is gradually spreading across society. In fact, it noteworthy that policies in countries around the world are increasingly focusing on web3 (Figure 3).

**Figure 3**




In this way, it is expected that blockchain and web3 will bring about social change and structural reform in terms of technology, functionality, and ideology. In particular, applying them as fundamental technologies, many new businesses and use cases will be created in the future.

## 2. Challenges facing mass adoption

Despite the above-described expectations, in terms of the extent to which blockchain and web3 are being used familiarly for business and personal consumption as well as investment activities, people's awareness of them is still low even on a global scale. In fact, according to a survey by an external organization, as of 2023, as for the number of cryptocurrency holders in the world, the US (which ranks first) and Japan account for around 27-million owners (8% of the population) and 5-million owners (4%), respectively. It can thus be said that the web3-related market has considerable room for growth, and many research companies expect its growth rate to increase in the future.

Nevertheless, why is it that—despite the fact that blockchain is an innovative technology—it has not been used in business and widely adopted around the world? It is thought that three major issues need to be addressed before blockchain can achieve mass adoption. The first problem is the psychological hurdles on the part of users (consumers); the second problem is failure of companies to provide quality content; and the third problem is establishing rules such as laws and regulations.

As for the first problem, the psychological hurdles for users, includes the complex and intimidating processes involved in opening accounts at cryptocurrency exchanges and choosing "crypto wallets" for managing crypto assets as well as a lack of trust in the market (as exemplified by the FTX incident) and a high level of caution against cyberattacks and fraud. This problem cannot be solved by a single business operator alone; it is considered necessary for media operators, who have a strong influence on consumers, and the businesses building the blockchain-infrastructure systems to work together to solve the problem. How information is communicated to consumers, including the clarity and tone of the communication, will be vital.

As for the second problem, a lack of quality content, for example, in the case of web3 games, many of them are monotonous and lack "gameplay" (fun), they are biased towards speculative games such as those typified by the phrase "Play to Earn," and almost no games use highly appealing intellectual property (IP). Under these circumstances, many content-development companies need an opportunity to enter this field and accelerate aggressive business investment.

As for the third problem, rulemaking, it is necessary to establish laws and regulations, accounting standards, tax systems, etc. in a comprehensive and integrated manner; accordingly, in Japan, the government and industry groups are making bold and rapid progress in solving this problem. Naturally, clarifying the rules is an advantage in regard to doing business, and it could be a major factor differentiating Japan from other countries.

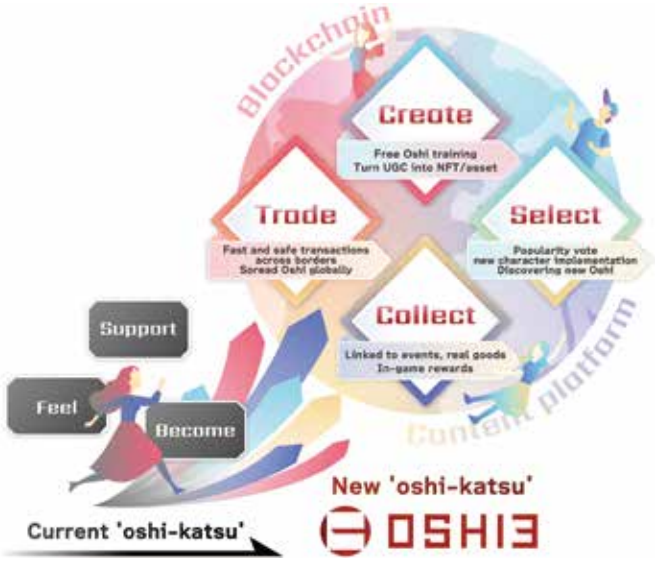
## 3. About the OSHI3 Project

The "OSHI3" project, which is being undertaken by gumi Inc., the company I work for, is a global initiative aimed at creating content and services that harness blockchain technology in the field of "*oshikatsu*" (fandom culture), offering users entirely new digital experiences. As discussed earlier, several barriers still hinder mass Web3 adoption. OSHI3 specifically targets one of the key issues: the lack of high-quality content.

First, I'd like to touch on the current state of the oshikatsu market in Japan. Having already grown to the level of 700 billion yen, the market size is expected to continue to grow. Until now, the term *oshikatsu* has been used—with a negative connotation—to describe nerds or nerdy activities, and the activity has been considered more of a subculture than a popular activity. In the past few years, however, the term *oshikatsu* has come to be used with the same positive connotation as "*kawaii*" (cute), and it is now considered to have been established not as a subculture but as a legitimate culture. The English words "fandom" and "stan" have become commonplace in other countries as well, and the Japanese *oshikatsu* culture is beginning to spread not only in Japan but around the world as well.

However, the sphere of *oshikatsu* activities is still mainly physical. For example, if fans have a favorite artist, their sphere of activity is limited to going to the artist's live shows as a fan to support them or buying merchandise such as figurines to display at home. If this behavior spreads further into the digital sphere and permeates the entire content market, which is said to be worth more than 190 trillion yen worldwide, it is likely to become an even stronger culture and lead to the formation of new industries and economic spheres (Figure 4).

**Figure 4**




To expand the practice of *oshikatsu* into the digital realm, it is useful to utilize blockchain technology, which can assign asset value to digital data. For example, if it becomes possible to develop digital characters in a game and own them as one's own assets, the act of "character *oshikatsu*" in the digital realm will become possible.

OSHI3 utilizes a unique cryptocurrency called "OSHI," which is designed to be usable in multiple contents in OSHI3,

and if the OSHI3 project as a whole gains momentum, the value of OSHI may rise. For users and investors who hold OSHI, contributing to OSHI3 in some way may generate economic benefits (profits from price appreciation), which makes it easier for them to participate in the OSHI economy with a sense of ownership. In the case of cryptocurrencies such as OSHI, the value fluctuates with the size of the economy, which is very different from previous points economies. Moreover, OSHI is listed on major cryptocurrency exchanges both in Japan and overseas and is distributed globally, so anyone can obtain it relatively easily (Figure 5).

Through its mobile online game business, gumi has a track record of developing and operating numerous game titles that utilize not only gumi's own original IP but also popular IPs from other companies, and we are well aware of the love and enthusiasm that users have for IP. Taking advantage of this knowledge, they are developing a service that combines "*oshikatsu* × blockchain technology × digital content." The first content created by OSHI3, released in March 2024, is a character-development game called "Phantom of the Kill - Alternative Imitation." Upon release, it ranked first in the download rankings on both the App Store and Google Play Store, and in doing so, it has achieved top-class results as a Japanese blockchain game and received a positive response from the market. Moreover, despite being content aimed at the Japanese market, it has also created an opportunity to attract a certain amount of attention globally (Figure 6).

With the goal of further development, OSHI3 also plans to form alliances with leading companies to receive non-game content from partner companies. I hope that the provision of multiple content related to the promotion of Japanese games, anime, and idols will serve as a catalyst for mass adoption on the web3.

**Figure 5**

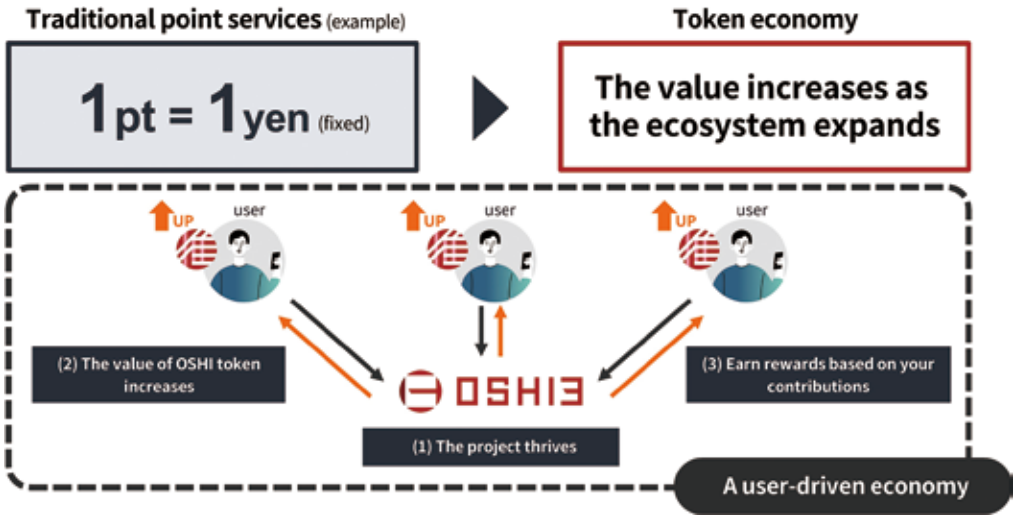



**Figure 6**