



Episode 1

The mind-bending rise of NFTs: A first-hand view – with T.Mikey

Announcer:

Changemakers and their stories is brought to you by Carpenter Group. The explosive popularity of NFTs has disrupted so many industries from art to crypto investing to licensing and understanding exactly what they are and how they work has left many of us scratching our heads. Today, we'll be talking with T. Mikey, a multimedia artist who just so happens to be an expert on crypto art. We'll discuss how NFTs have challenged the way we assign value to art and whether or not they're democratizing the art industry.

Announcer:

And because NFTs represent new ways of investing, we'll look at what this means for the future. Beyond the art industry.

Polly Carpenter:

Welcome to Changemakers Podcast. I'm your host, Polly Carpenter, the founder of Carpenter Group, a full service creative agency based in New York City. Today, we're diving into crypto art with a focus on NFTs, also known as non-fungible tokens. Here to discuss it with me is a fellow RISD graduate T. Michael Tracy, who is also an artist under the name T. Mikey. Welcome, Mike, and thanks for joining me today.

T. Michael Tracy:

Hi, Polly. Thanks for having me.

Polly Carpenter:

Mike, can you start off by explaining what NFTs are and how they actually work?

T. Michael Tracy:

Okay. NFTs exist on the blockchain sort of like Bitcoin. But unlike Bitcoin where say I have a coin and you have a coin and we swap, we both still have a coin. These are more unique serial numbers, sort of like a piece of art. If I have an original Picasso and we trade it, I no longer have a Picasso because it was a one of a kind. And that's sort of the concept of an NFT. They have a one of a kind serial number on the blockchain, which is verified by everybody else on the blockchain, and only one person has it. That's essentially what it is.

Polly Carpenter:

Cool. How did you become interested in NFTs?

T. Michael Tracy:

I was following Beeple on Instagram. He just does very interesting work in general. And the weekend when he got into NFTs and sold \$3 million worth of art over the weekend certainly caught my attention. I started researching and looking into it, and then it just leads into a whole other string of events. But that would be the exact moment I'd say.

Polly Carpenter:

You were involved in what has now become a kind of phenomenon in the art world. Can you tell us a bit about this Beeple experience and what it felt like watching Christie's auction of Beeple NFT for \$69 million?

T. Michael Tracy:

Very interesting. Just to give you the story, Beeple made \$3 million over a weekend. As an artist, I started looking into this thing, because the NFT things, they sort of been doing that with gifts and such. But for some reason, something was definitely going on. At the same time, probably like you, I'm connected with the RISD alumni group, and there's a few whispers on there like, "What's this NFT thing?" There was definitely something going on. In the process of which somebody resoled one of his for something like \$66 million.

T. Michael Tracy:

There is definitely a major something going on focusing around Beeple. One of those sales leads to an auction at Christie's. If you're there, you have established yourself as an artist. So that gets going and what he had done was to celebrate the occasion, put together a small series of a hundred pieces, commemorative pieces for the larger sale, and they were companion pieces, and he was going to auction them off for \$1 through MakersPlace. At this point, the speculators are raising his prices through the roof. And at the same time, everyone's kind of locked down.

T. Michael Tracy:

What do you do on a Saturday night for fun? Let's go to an over-hyped crypto auction. Maybe you'll win the lottery. So that night, there were so many people swarming this basically trying to win a lottery and so many bots. So many bots on the internet also hitting it. The auction went on, immediately crashed the website, immediately, and everybody had a good laugh and, "That was fun," then back to back to whatever.

T. Michael Tracy:

MakersPlace with a little sheepish grin said, "You know what we're going to do is we're going to go through all of the people who were registered and have visited the site within half an hour of the event just so we can tell who was actually there for that, and we can filter out all the bots. And if we can show that you are actually a person, we're going to put them all in a raffle, and we're just going to draw names. It's going to be a randomly generated name for all of the legitimate entrance into the raffle. No dollar necessary."

T. Michael Tracy:

Okay, and that was going to happen on the following Tuesday. Nobody really thought much about it. They didn't like, "Here comes the raffle here." They didn't announce the winners. They happened in the middle of the night. I woke up and won one of them. I checked my email and there was an offer for a thousand dollars. By the time, the shock hadn't even hit me. I was getting more offers and more offers. It went on for a good couple of weeks, because the actual Christie's sale was still about a week, 10 days away, and that's where it really picks off.

T. Michael Tracy:

Some of the winners, there's a hundred of us at this point or less, a few other things that didn't... They were like artist proofs. There's no real way to communicate on MakersPlace. So everybody with these winning lottery tickets, it's like they've got questions they want to know. The only way to talk to each other was through the comments section on the drop that people made. One of them opens up a Discord channel and all of them flocked to Discord to sort of like talk about what just happened.

T. Michael Tracy:

You had the strangest mix of artists, gamblers, speculative investors, kids interested in collectibles, and all of them know for a fact, the auction that's going to come up in about a week is going to be record breaking and they have a piece of it. Meanwhile, everybody's getting offers that are going through the roof, like a hundred thousand and up. This is really life-changing for a lot of people. Some of them want to hold onto it. Some of them cashed out. We all went for a bit of a ride. And that is much of the story.

T. Michael Tracy:

At the actual auction, there was euphoria. I felt like I got hit by a bus. It lasted for a few more weeks.

Polly Carpenter:

Did you cash out?

T. Michael Tracy:

I still have my Beeple. I am a hodler.

Polly Carpenter:

I won't ask you its value because we don't want people knocking on your door. But I thought it was interesting what Beeple did is he actually created a companion physical copy. Can you talk a little bit about that and how it affected your sale?

T. Michael Tracy:

Absolutely. Initially what had happened during Beeple's \$3 million weekend in November, one of the problems with NFTs is that they are digital, and to buy and sell them, you have to go buy cryptocurrency, and then go to a marketplace. You do kind of have to know what you're doing. It's a little bit like learning a little bit of piece of software just even to participate. Even if you get that far, what are you actually buying? Did I just buy a gift? I could get a screenshot of this. What am I actually buying? I have a token of ownership.

T. Michael Tracy:

Is that good? Again, you're getting into a pretty selective use case for people who value that. What Bleep did that was very interesting, this was a very good marketing move, there's a company called Infinite Objects that has these small little video screens and they're intended to highlight digital art. It's not a video screen that you can put all your photos into and it'll rotate like a screen. It is one piece of art. It's sealed shut. That's what you get. They're really actually very elegant things.

T. Michael Tracy:

He decided to bridge that gap of understanding to put those images that he was making NFTs for on the physical token. That way you are buying the NFT, but you will receive this in the mail. And just that one move alone, it doesn't matter if you know what an NFT or not is. The video thing is pretty cool. He would put up auctions for a dollar. Who doesn't want one of those for a dollar? It's great. That would be the real stroke of genius to get people interested.

Polly Carpenter:

Great! As an artist yourself, how do you see NFTs changing the landscape of the art world?

T. Michael Tracy:

They opened up a very interesting door that I didn't really think would ever be opened, just in terms of digital art. We talk about NFTs, but this really is a moment for all of digital art, which is over 20 years old at this point. And one of the problems as a digital artist that I've faced throughout the years is that it gives rise to that question of, is it real art or did a computer make it? Which given that the entire world has gone digital, that completely devalues anybody's ability to work as an artist and to function as a designer.

T. Michael Tracy:

People get very creative with how they go about doing that. But digital art, like the value of that is that you can do it at your desk, publish it around the world in seconds. How could you ever make a one of a kind, which is, of course how we value art. If it's not a one of a kind, then it's valueless. The NFTs open a very interesting conceptual door, and the art world loves concepts. These things are great. We've made a one of a kind out of a piece of digital art, which in itself is a moment for digital art, which is very interesting.

T. Michael Tracy:

In terms of how it changes the landscape, you can actually value digital art as a one of a kind now. It offers the ability to track secondary sales, which is another problem. It is very unique value proposition has been baked into the NFT. I really don't think that it's going anywhere. It will certainly be a tool that artists use. The days of just publishing an NFT and being able to get a quarter of a million dollars is probably over.

T. Michael Tracy:

But as an ability for an artist to manage their own market, to be able to tag and track what they have released for sale, it's absolutely wonderful and probably not going to go in anywhere anytime soon.

Polly Carpenter:

Sure. It protects your artwork. Securitized, is it? How does the secondary marketplace, so the resale work for NFTs, who does the secondary market benefit?

T. Michael Tracy:

I would say the secondary market definitely benefits the artists, as well as the collectors. The idea of a secondary market in art has been a long time problem, where even if you are Picasso, once you've made that initial sale, the next time somebody sells it and the time after that until it's \$200 million at Christie's, you don't get a cut of that. You get the status, but you didn't get a check. If you make music, you get royalties, but not with the visual arts for some reason.

T. Michael Tracy:

I want to say 2011, 2012 or something, I saw some rumblings of an artist collective that were actually trying to change the laws in New York and in California for actually having secondary market for art, which is apparently a logistic nightmare. But it really is kind of how do you create a system where an artist doesn't have to be a starving artist? They should be able to be able to produce work and generate revenue from that for the lifetime of that piece of work. It's just not been feasible.

T. Michael Tracy:

So even after they tried to change the laws, it went into the courts for a few years. The last article I read on it, the courts had ruled that it is a no go. And that's how far that went. Having this tied to NFTs, you can actually have a functioning secondary market. Artists can actually get a residual income from the second, third, fourth, infinitely off into the distance sales.

Polly Carpenter:

Well, that's fantastic news. As an artist, how would you advise other artists to approach crypto art?

T. Michael Tracy:

Much the same way they approached other art before crypto art. It's a unique market that hasn't been defined yet. It's a little bit of an experiment. Whatever series that you want to put together, the days of publishing any JPEG on your computer just to see if people will buy it, that's out of fashion, I guess. Put together something you're actually proud to put your name on. Register it. Advertise it. See if you can get some sales. Get some people to like it. Most of it is gaining traction from basically Instagram and Twitter, which I'm not great on Instagram or Twitter.

T. Michael Tracy:

I mostly use it for friends and family, but that tends to be where this market talks. You got to see this, and this person's doing something interesting, and that's how you get the word out. That would be my approach. Talk to everybody. Do good work. Don't just try to see what you can get away with. Put it out there and you'd take the same risk and reward that you would put if you were putting it on a gallery or on a street corner anywhere.

Polly Carpenter:

Well, just like with galleries, is there a trendy galleries, not so trendy galleries? Are there certain platforms NFTs should be featured on or you strive for?

T. Michael Tracy:

I'm not going to go with should be, but there are definitely parallels to the actual gallery system where they have curated marketplaces and non-curated marketplaces. The curated marketplaces actually have a business model, which addresses some of those problems that NFTs have. You want pure customers to just be able to pay with a credit card, and we'll take care of the conversion into crypto, and we'll take care of all of that. They'll remove the barrier of entry for just buying cryptocurrency. That's very huge for getting people to participate in this.

T. Michael Tracy:

They tend to screen their artists based on basically Instagram. Do you have a million followers? Then you are the artists for us. Bring your million followers over here and shop here. In that regard, it's very much the current gallery system where, do you have a following or not, is the qualifier to participate in the sales platform, because they don't just take anybody that wants to be an artist cause they're trying to make money too.

T. Michael Tracy:

In comparison, there are non-curated marketplaces like OpenSea, where if you just want to try this, you want to get it out there, absolutely. You can do it in an afternoon. It's not difficult, but it is kind of like a swap meet. Do you want to be in the Gucci store, or do you want to be at the flea market? Because they both have different barriers of entry and you will get the clientele that's associated with that. So yeah, there you go, curated and non-curated.

Polly Carpenter:

Do you believe it's a fleeting trend, or are NFTs the future of art?

T. Michael Tracy:

I do not believe they are a fleeting trend. They will certainly be around for a good long time. Their longevity would rise and fall with cryptocurrency, and cryptocurrency is not going away anytime soon. The future of art is always in the hands of the artists. This is just another medium. It's a wonderfully empowering thing to offer the artists and to the collectors to be able to basically control your own provenance and a record of the thing. Where did it go? How does it transfer? What are the sales? It's all visible. That's kind of the advantage of this.

T. Michael Tracy:

But again, NFTs is a little bit of its own art form, and people are sort of playing with what can an NFT be. In terms of an art form, it has legs and legs and legs. The best stuff hasn't been made yet, because nobody really knows what you can do with it.

Polly Carpenter:

Think of traditional art, sculptures, paintings, textiles, whatever, could an NFT be made after the initial piece of art is created in order to securitize the physical painting?

T. Michael Tracy:

Certainly. Absolutely. Just as a parallel, before I had a digital camera, I had a film camera. I went back and I digitized it. Before I had NFTs, I had a whole bunch of digital art. I could go back and mint any of those. And that becomes basically the decision of the artist, what do you release into the market?

Polly Carpenter:

Great! What does the future of the NFT world look like for you?

T. Michael Tracy:

Well, I'm holding onto my Beeple. It's just fun to have around. I have a few pieces that I am thinking of releasing. The current wild speculative bubble is over. So again, you're left with people that just participate in the arts because that's what they love to do. I think it's sort of shaking out, like I said, all the people that are just publishing any old JPEG on their computer to see what they can get away with. It's also getting into very interesting conceptual areas where, again, what is this thing? What is value?

T. Michael Tracy:

My next series I will certainly be releasing as an NFT, because it's as useful as say registering a trademark or just having some sort of quality, quantity control over your own work. As a tool, I don't see it going away anytime soon. It's very useful, and it shouldn't be dismissed just because the hype of it has kind of past, I guess.

Polly Carpenter:

Mike, thank you again for joining us to discuss NFTs and crypto art and thank you to our listeners for tuning.

Announcer:

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