

FUELARTS

FUELARTS ART+TECH STARTUPS REPORT H1 2023

A COMPREHENSIVE RESEARCH ON INVESTMENTS IN ART+TECH & NFT STARTUPS IN H1 2023

— MARKET OVERVIEW

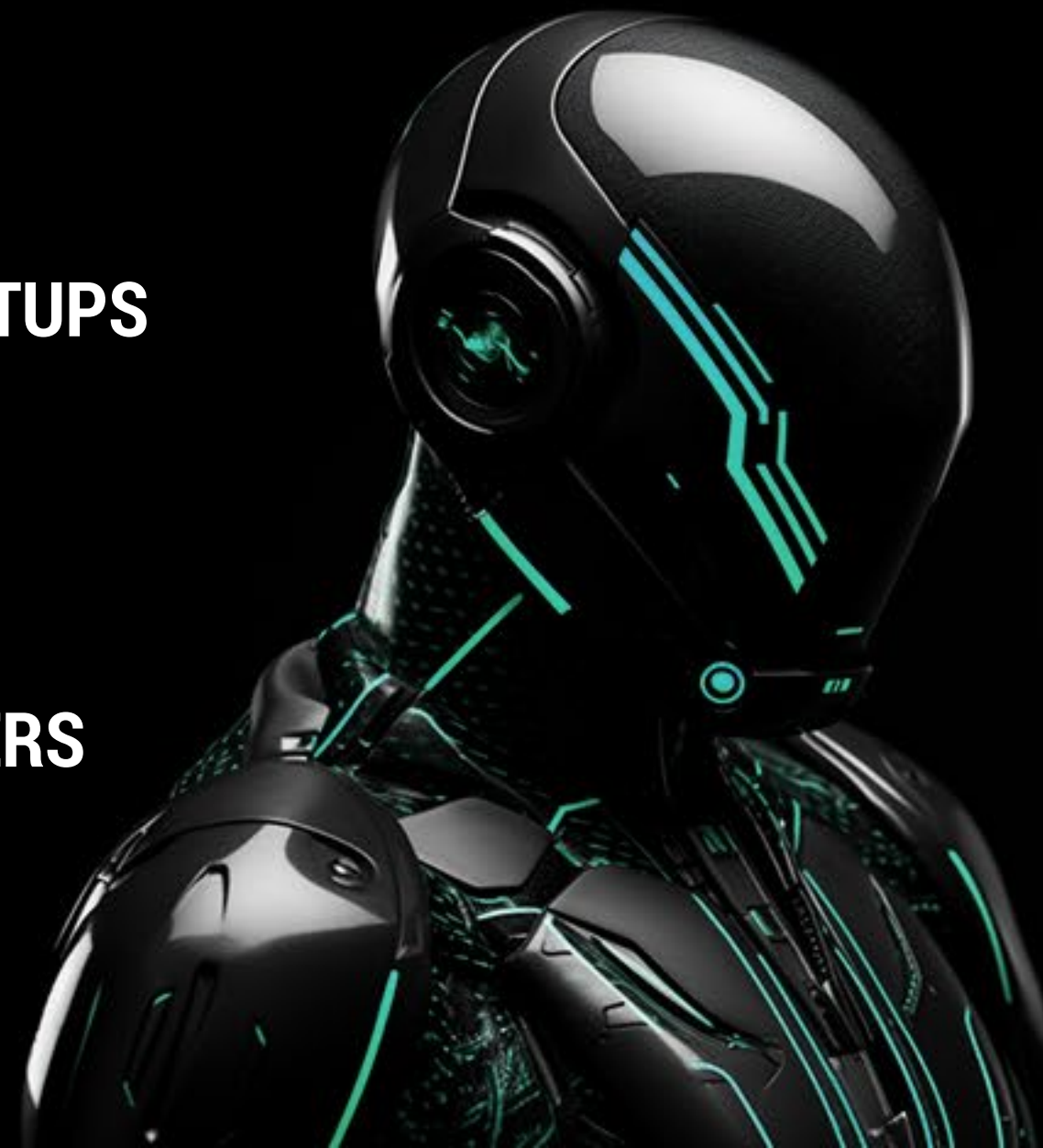
— INVESTMENTS IN ART+TECH STARTUPS

— AI IN ART+TECH ECOSYSTEM

— PORTRAITS OF INVESTORS

— TRENDS & OPPORTUNITIES

— INTERVIEWS WITH OPINION LEADERS



AI Edition

FUELARTS ♦ CONTENTS_

2 Foreword
3 Methodology
5 Key Findings
8 Cross-Industries Comparison
9 H1 2023 in Review
10 Key H1 2022 Events
11 Case Study #1. Alexandra Johnson

PART 1. INVESTORS

14 Investor Glossary
15 Key Numbers, H1 2023
16 Top Investors / Accelerators
17 Investor Universe
18 Geographic Spread
19 Investments by Stages
21 Case Study #2. Lata Persson

PART 2. ECOSYSTEM

24 Key Numbers, H1 2023
25 Startup Universe
26 Investments by Segments
27 Geographic Spread
28 H1 2023 in Review
30 Case Study #3. Boris Pevzner

PART 3. AI IN ART+TECH UNIVERSE

33 AI in Art+Tech
35 Top 6 AI Art Generators
36 All AI vs. AI in Art+Tech
37 Investments in AI in Art+Tech
38 Case Study #4. Sergali Adilbekov & Rok Založnik
40 Key Numbers, H1 2023
41 Startup Universe
42 Investments by Segments
43 Geographic Spread
44 H1 2023 in Review
46 Case Study #5. Oleg Yusupov

PART 4. WHAT'S NEXT?

49 Fuelarts H1 2023 Survey
53 Case Study #6. Tsunami Diamond
55 Conclusions

PART 5. ABOUT FUELARTS

57 About Fuelarts
58 Acceleration
60 Fuelarts x Tezos 2023 Graduates
61 Fuelarts Capital I

FUELARTS ♦ FOREWORD_

DEAR ART+TECH COLLEAGUES AND AFICIONADOS!

The realm of Art+Tech has shown a remarkable similarity to the art market, responding to economic fluctuations with an almost one-year delay. Following a triumphant year for digital art in terms of sales in 2021, a recordbreaking 2022 unfolded in terms of infrastructure (marked by investments in startups), juxtaposed against the backdrop of the ensuing bear market. As we stand in the midst of 2023, we reluctantly acknowledge that investment levels have receded and sales have yet to regain their former strength.

In order to persevere, companies are shifting their focus from direct investments to grant programs. They are also transitioning their audience from digital to the more traditional physical realm, rebranding and exploring new markets. Simultaneously, they are actively generating fresh informational events, striving to assure stakeholders of their well-being. Interestingly, they are either hastily integrating AI into their products or publicly and vocally denouncing it. Surprisingly few startups contemplate the possibility of initiating change from a different vantage point.

A prominent digital art strategist, with whom Fuelarts is pleased to engage in regular discourse regarding market dynamics, confided in us during a private conversation: «In recent years, startups have made rapid strides in terms of applied knowledge and developmental pace. Yet, they seem to have forfeited a crucial aspect – the ability to acknowledge their missteps. Who among them today is prepared to openly address their community and honestly state: ‘I erred; we took an erroneous path. Nonetheless, I possess a vision for progression, and together, we shall navigate this predicament’?» Such an occurrence appears implausible.

We wholeheartedly concur with this sentiment, even if the originator requested anonymity. From our own vantage point, it’s worth recalling that Elon Musk garnered popular affection (not mere renown, but genuine affection) owing to his setbacks, not just his victories. Those setbacks he candidly shared, and we, in turn, empathized while hoping for his triumphs.

Presently, our response to adversity – whether it’s the broader market context, challenges tied to legitimizing the crypto market, errors in business models, or waning enthusiasm for transient interests – is being scrutinized by those to whom we owe our advancement: our investors. The durability we exhibit in the face of challenges, our adaptability to external shifts, and our integrity during moments of failure will determine our ongoing collaboration with them.

The COVID-19 pandemic spotlighted humanity’s incredible resilience and rapid adaptability in the face of adversity. The challenges themselves have acted as catalysts for positive transformation and market evolution. Thus, even as the market endures periodic declines, it continually births fresh business models, compelling founders to be more flexible, ingenious, and resolute. Striving for this heightened transparency will indeed place us on the path toward the quintessential startup experience during these turbulent times.

Should Art+Tech’s trajectory mirror the art market’s pattern, the impending growth cycle is within our grasp. This upcoming cycle promises to eclipse its predecessor in terms of success. As we usher in the new season of Fall 2023, let us keep this in mind.



DENIS BELKEVICH,
General Partner, Fuelarts



FUELARTS ♦ METHODOLOGY

In our pursuit of fostering maximum transparency and openness within the Art+Tech market, Fuelarts primarily relies on publicly available data from sources such as Crunchbase and PitchBook. We extend our gratitude to these sources for their years of diligent data collection and categorization of legal, financial, and marketing information pertaining to startups across various industries. However, it's important to note that we have refined Crunchbase's classification of Art+Tech startups specifically for this report.

For instance, our classification of 'Art Startups' encompasses not only technology-based companies in the art sector but also emerging businesses that may not heavily rely on technology in their operations, aside from basic web, email, and data storage services. We have excluded companies in fields such as music, film, fashion, floristry, and sports from our Art+Tech list.

Additionally, we have included many startups that Crunchbase and PitchBook categorize as 'Blockchain & Crypto.' We observed that the confusion often arises from founders of blockchain startups involved in art who omit the 'art' tag in their activity classifications, limiting themselves to the technology sector. This practice has the potential to mislead investors searching for art-related companies. We have also incorporated companies that announced their entry into the art segment in 2023 or made a transition in that direction.

With the current release of this report, we introduce several key changes compared to previous editions (2022, H1 2022, 2023):

1. We are eliminating the distinction between Physical and Digital & NFT startups within the Art+Tech ecosystem. This change reflects the fact that, in H1 2023, all officially funded startups were either involved in digital art or possessed the tools to digitize physical art. The sole exception, Superplastic, previously categorized as a «Physical» Art Market startup, introduced NFTs in early 2023. This decision also aligns with our goal of fostering market consolidation, emphasizing that all young companies operate in the same field with equal opportunities for growth.

For the 2024 report, we are considering enhancing our segmentation system by differentiating between Web2 and Web3 startups. This change aims to highlight the direction of technology use rather than distinguishing between physical and digital art.

2. We have introduced a new section dedicated to AI Art+Tech startups in this report. This decision is not driven by market trends, as it primarily appeals to speculative investors and short-term-focused startups. Instead, it represents the beginning of a long-term research endeavor. We continue to view AI as a technology and tool rather than an independent segment of the Art+Tech market.

Regarding the AI Art+Tech section, we must emphasize that we refrained from including the \$10 billion investment in OpenAI, the parent company of the DALL-E generative arts platform. While it would have been impressive in terms of market impact, it might have obscured the actual state of investment in the global Art+Tech sector. Furthermore, we lacked official information on how much of the \$10 billion was allocated specifically for DALL-E. The same holds for other products launched by industry leaders like CM3leon (Meta) and Firefly (Adobe), which currently exist within the umbrella brands of their parent companies. We are open to revisiting our decision if these products gain independent status, separate business entities, individual applications, and distinct go-to-market strategies in the future.

Additionally, we have included a few AI Art+Tech startups in our list that may not seem directly related to art at first glance, such as Typeface and Synthesia. However, the products they offer or develop could find application in auction houses and galleries, with ongoing audience research and testing in progress in this direction.

Our segmentation of startups aligns with the classical business environment, which typically comprises four stages in the value chain: production, trade, management, and analytics. We have introduced a minor modification by subdividing «production» into three distinct segments: R&D (research and development), visualization (tools for displaying art), and gamification (creation of gaming platforms). The segmentation of Art+Tech startups into specific groups results from collective decisions made by the Fuelarts team. When an individual startup's business model encompasses multiple directions, we prioritize the segment that holds the greatest practical value for the Art+Tech market. For example, automated digital asset management funds, known as DAOs, fall under the Management category due to their primary focus on efficient asset management. We anticipate the possibility of further subdividing segments (e.g., trade) into marketplaces, payment systems, financial instruments, and more in the coming years.

Below, you will find the key terms utilized in this report. Despite the diverse interpretations that naturally arise in an emerging market, we have intentionally simplified the definitions:

STARTUP – a company aiming to profiteer from realizing an innovative idea.

ART+TECH – the sphere of the intersection of the art market and technology. It offers solutions to the problems of the art market with the help of technology.

'PHYSICAL' ART+TECH STARTUP – a young company using modern technologies to work with the traditional assets of the art market – painting, sculpture, graphics, etc.

DIGITAL & NFT ART+TECH STARTUP – a young company using modern technologies, working with digital art objects, including NFTs.

AI ART+TECH STARTUP – a young company harnessing artificial intelligence and machine learning tools for the production, trade, management, and analysis of art assets and collectibles.

METaverse – a virtual reality where people will be able to communicate, shop, and play by using their avatars. Metaverse combines augmented and virtual reality.

WEB3 – a new generation of the Internet, that combines AI and blockchain technology. Metaverse, NFTs, and cryptocurrency play a key role in moving from Web2 to Web3.



FUELARTS ♦ KEY FINDINGS_

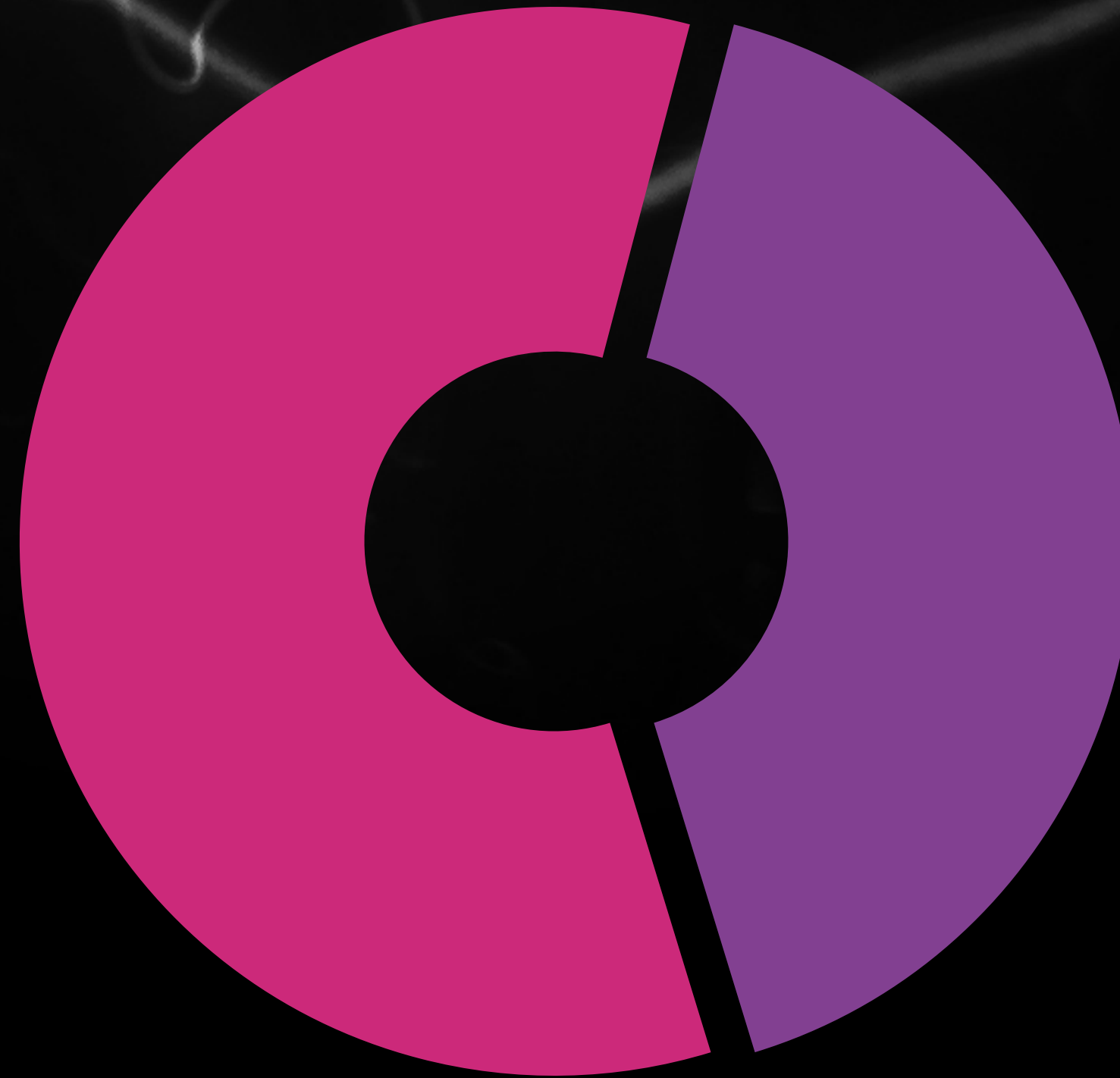
- In H1 2023, **132** Art+Tech startups successfully secured **\$601.6** million in funding, accounting for **47.2%** of the total funding received by these startups since their inception.
- Out of **132** startups, only **17** Art+Tech companies (**13%**) had previously received funding prior to 2023.
- The cumulative funding of **\$601.6** million in H1, 2023 is **32%** lower than the combined funding Art+Tech startups received in H2, 2022 (**\$879** million) and **77%** lower than the cumulative funding in H1, 2022 (**\$2.6** billion).
- **Non-AI** Art+Tech startups secured **\$353.8** million (**58.8%** of the total funding), whereas startups utilizing **AI** technologies received **\$247.8** million (**41.2%**).
- The combined funding for the **top 5** Art+Tech startups in the first half of 2023 constitutes **62%** of the total funding secured by all 132 startups.
- Among the various categories, R&D (content production) startups attracted the highest number of investments in the first half of 2023, totaling **\$467.3** million across **65** companies. Tradefocused startups received **\$84.4** million across 30 companies. GameFi (**\$31.1** million, 14 companies), Management (**\$10.4** million, **14** companies), Analytics (**\$8.4** million, 7 companies), and Visualization startups (**\$0.03** million, 2 companies) received comparatively fewer investments.
- Among the countries with incorporated Art+Tech startups receiving investments in the first half of 2023, the United States leads with **49** companies. The United Kingdom follows in second place with **12** companies, and Singapore takes third place with 8 companies.
- Art+Tech startups founded in 2023 collectively received **\$16.1** million in funding, contributing to **2.7%** of the total H1 2023 funding for all companies in this sector, regardless of their founding year.
- The Art+Tech startups that received the highest investments in the first half of 2023 are in Series B (3 companies, **\$227.3** million), followed by 62 companies in the Seed stage (**\$769.5** million) and 4 companies in Series B (**\$385.0** million).
- The most prominent players in funding Art+Tech startups were **Venture Capitalists** and **Individuals**, constituting **31.8%** and **15.2%** of the investment share, respectively.
- The cumulative count of investors partaking across Art+Tech reached **277**, of which **8.3%** had engaged in multiple investments within the realm of diverse Art+Tech & NFT startups in H1 2023. A mere **3.2%** of investors ventured into three or more investments, marking a figure half the size compared to the preceding year.
- A substantial **91.7%** of investors directed their funds exclusively towards a single Art+Tech & NFT startup.
- Out of the pool of **277** investors, only 69 exhibited activity in both 2022 and the first half of 2023, representing **24.9%**. Meanwhile, **785** investors who had previously allocated capital in 2022 chose to abstain from investments during the initial half of 2023.
- The influx of new investors into the market during the first half of 2023 totaled **208**, accounting for a considerable **75.1%**. This figure is three times greater than the proportion of new investors who entered the market in 2022.
- Among the Art+Tech startups that participated in the Fuelarts survey, 50% affirmed that they are actively engaged in the development of AI technologies. Though, 48% of the startups that do not incorporate AI technology in their product still leverage AI tools to manage their startup.
- In H1 2023, the primary source for discovering new investors, much like in 2022, for startups remained Word of Mouth, accounting for **50%** of successful connections. Recommendations from friends constituted **42%** of investor leads, while networking at conferences remained a notable avenue at **33%**. **17%** of startups leveraged external fundraising services (agencies) to forge investment relationships, while 8% identified investors through accelerators/incubators and customer communities.
- A significant majority (**53%**) of the surveyed art strategists expressed optimism regarding the influence of AI technologies on art. Responses indicating AI as a 'useful tool' and 'a tool with limited capabilities' were less prevalent, at **40%** and **7%** respectively. No respondents indicated AI as a threat to artistic integrity, nor did anyone propose a negative perspective.
- In contemplating AI's influence on human creativity in art, **60%** of strategists hold the view that AI will serve as a supportive element, while underscoring that human creativity and ingenuity will forever remain irreplaceable. No respondents agreed that AI would have a limited impact on human creativity or offered an alternative perspective.

\$601.6M

NON-AI

59%

\$353.8M



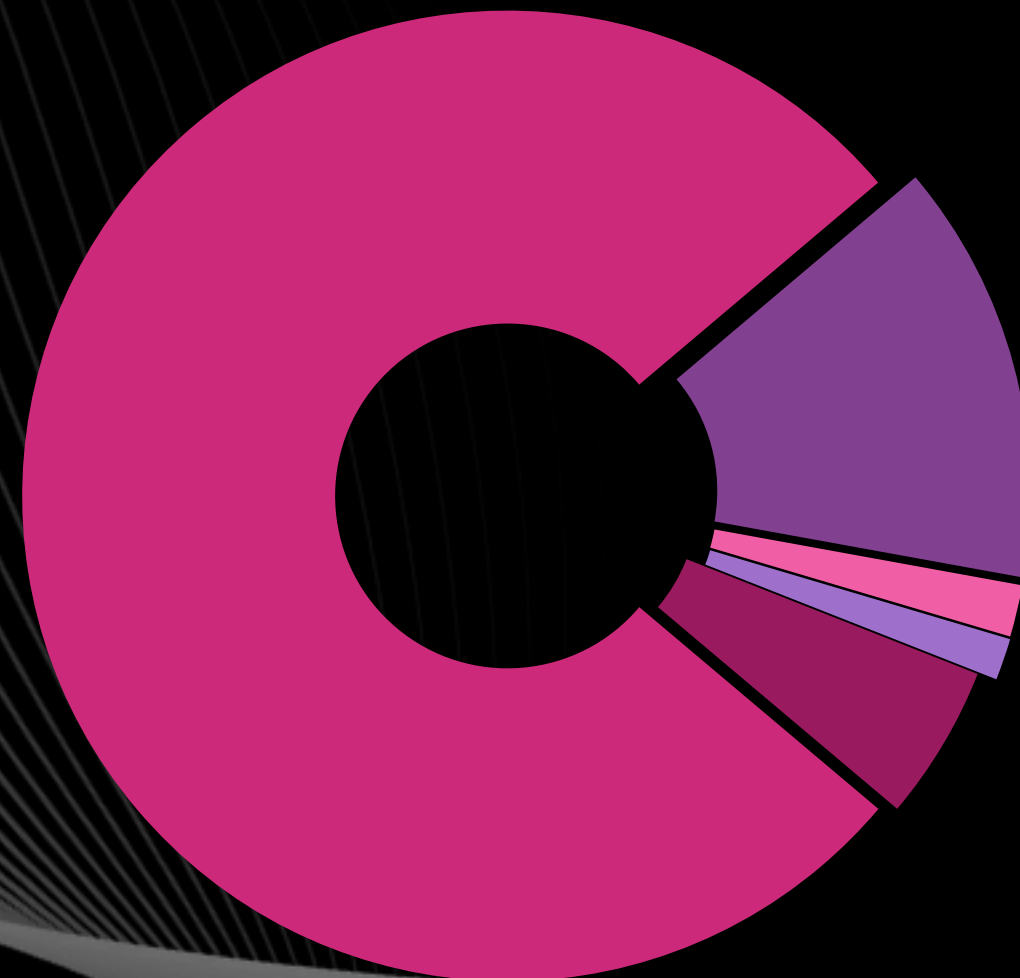
AI

41%

\$247.8M

FUELARTS ♦ ART+TECH STARTUPS, FUNDED IN H1 2023_

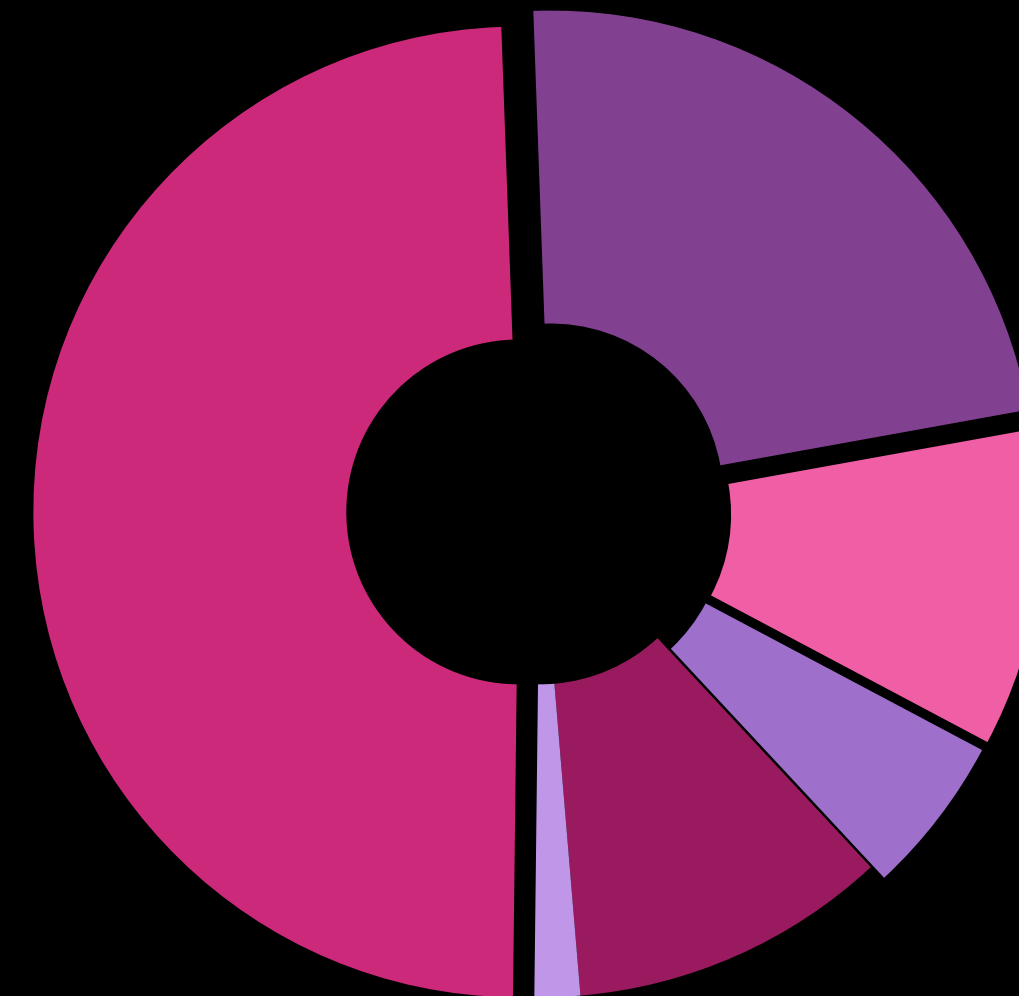
R&D 78% \$442M



Trade 14% \$84M
Management 2% \$11M
Analytics 1% \$8M
GameFi 5% \$31M

BY INVESTMENTS

R&D 49% 65 startups



Trade 23% 30 startups
Management 11% 14 startups
Analytics 5% 7 startups
GameFi 11% 14 startups
Visualization 2% 2 startups

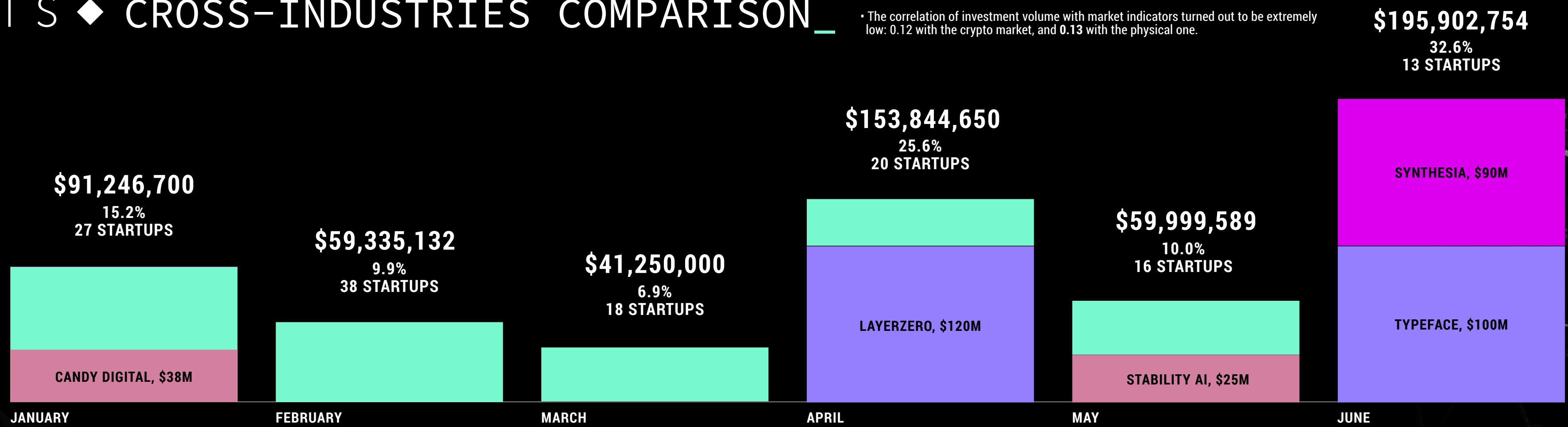
BY NUMBER OF STARTUPS

FUELAARTS ♦ CROSS-INDUSTRIES COMPARISON

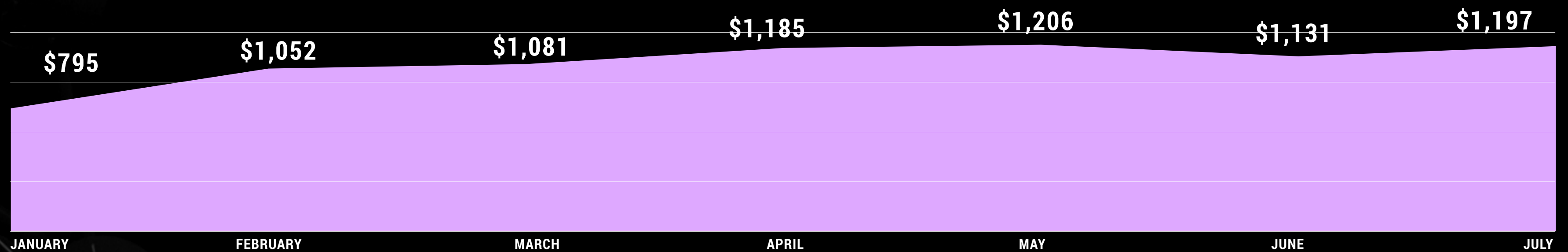
• For clarity, we have placed three graphs: investments by months in H1 2023 in Art+Tech & NFT startups and parallel rates of the main financial indicators – the capitalization of the cryptocurrency market and the Dow Jones Index that dominates the physical market.

• The correlation of investment volume with market indicators turned out to be extremely low: 0.12 with the crypto market, and 0.13 with the physical one.

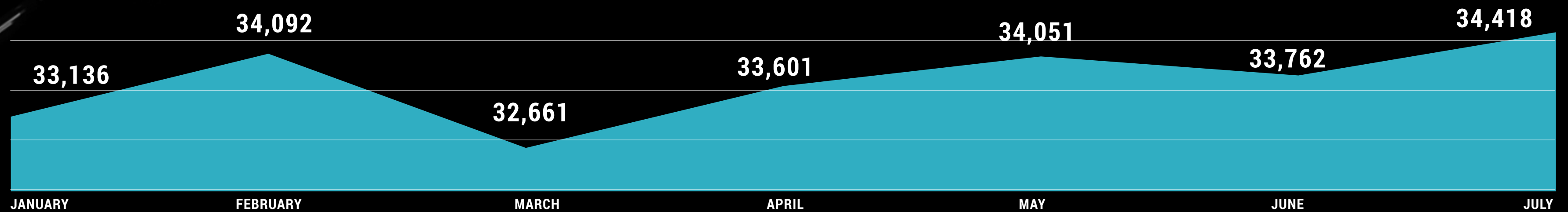
INVESTMENTS
IN ART+TECH & NFT
STARTUPS



CRYPTOCURRENCY
MARKET CAP



DOW JONES
INDUSTRIAL
AVERAGE INDEX



FUEL ARTS ♦ H1 2023 IN REVIEW, OR WHEN MIDJOURNEY STOPS BOOTSTRAPPING?

The first half of 2023 lies before us, and due to the technological intricacies that delayed the publication of this report until September, we can now review the preceding period with a clear perspective, while also incorporating noteworthy events from July through August that characterize the market.

Approximately one year ago, we proposed various names under which NFT art might rebrand itself during a bear market in the future. One such suggestion was «AI Art» or «Generative Art». However, even we couldn't have foreseen the sudden surge of interest in artificial intelligence among all market participants, including not only artists but also startups and investors, in the short term. This phenomenon commenced in the fall of 2022 when MidJourney introduced the capability for a broad audience to create fantasy avatars based on their photos. It further evolved with the release of a public (and shareware) version of OpenAI's ChatGPT AI assistant. Remarkably, within just one month, the platform garnered over 100 million users, debunking the skepticism that the era of revolutionary mega-startups (such as Adobe, Amazon, Facebook, Instagram, Uber, and Airbnb) had concluded and would not reoccur in the coming decade.

In early 2023, Microsoft fueled the AI fervor by announcing an additional \$10 billion investment in OpenAI, having previously invested a modest \$1 billion in the creators of ChatGPT. Consequently, these substantial investments propelled artificial intelligence into a prominent trend in the market, transforming the electronic office assistant into an indispensable daily work tool while simultaneously shifting the process of mass art creation to machine learning algorithms.

Interestingly, by the end of August 2023, the combined databases of Crunchbase and Pitchbook listed just over 33,000 startups utilizing AI technologies, with only 64 (0.16%) classified as Art+Tech startups. Nonetheless, AI-oriented Art+Tech startups in H1 2023 secured a total of \$248 million in funding, nearly equaling 1%

of the amount received by non-art AI startups (\$25.2 billion). In other words, the fusion of art with technology demonstrated its worth alongside other AI applications, including medicine, the social sphere, fintech, and ecology.

Amidst the successes of smaller yet rapidly growing image-generating AI startups like MidJourney, Stable Diffusion, and Dream, industry giants such as Adobe (Firefly), OpenAI (DALL-E), and Meta (CM3leon) also unveiled their forays into the field of art. Notably, in August, Microsoft disclosed plans to integrate an AI generator into the Paint editor within the Windows operating system. Does this imply that in the upcoming season, we will witness Paint-Art genre works at Christie's auctions? That remains uncertain since indie platforms currently surpass industry giants in terms of both user numbers and generated images. For more details, please refer to a dedicated table on page 35 of this report.

One of the most intriguing developments in the startup industry is that, despite its 15 million active monthly users, MidJourney remains self-funded. Rumor has it that the founders are refraining from seeking external investments as they prepare for a high-profile M&A deal under more favorable exit conditions. We extend our best wishes for their success and contemplate whether this might occur within the next 12 months or remain an indefinite possibility.

Is it accurate to claim that VC investors' attention shifted to the AI sector early in the year, diverting their focus from the crypto market and planned investments in Web3? A cursory examination of the numbers appears to support this hypothesis. According to Pitchbook and Crunchbase, during H1 2023, global cryptocurrency funds only managed to secure \$1.7 billion across 12 funds. In stark contrast, in 2022, they had attracted a staggering \$22.5 billion across 91 investment funds. However, we must distinguish between «free» and «frozen» capital. Presently, nearly \$21 billion remains locked in 34 funds established between 2021 and 2022 for Web3

startups, including Art+Tech, which are presently dormant.

On the flip side, medium-sized funds (managing up to \$1 billion) with a track record of effective investment management across varying market conditions have thrived in the past six months. For instance, Polychain Capital successfully raised \$200 million during the summer, out of a planned \$400 million for its fourth fund. Another prominent player, CoinFund, secured \$158 million during the same period, specifically targeting early-stage startups within the Web3 space, signifying fresh and promising entrants to the market. In essence, the investment landscape remains flush with capital – both in the form of dormant funds and new capital poised to seize lucrative opportunities, much like the fervor we observed in the AI sector.

For startups ensnared in the realm of «frozen» investments, they face a choice: bide their time or adapt to the evolving market dynamics by introducing novel technologies. Simultaneously, they must bolster their teams with seasoned specialists experienced in applying these technologies; otherwise, their endeavors may come across as artificial, deterring potential investors. Notably, prominent Web3 strategists such as Opera, Phantom, Kukoin, Chainlink, Etherscan, and Polygon Labs have already signaled their intent to integrate AI into their products in recent months.

Yet, we cannot ignore the cautionary signals emanating from the investment landscape in H1 2023. Research conducted by NVCA and Carta reveals a surge in M&A transactions at the early stages – Pre-Seed and Seed. However, at stages beyond Series C, the number of exits has dwindled, as startups hesitate to sell at current market valuations. Moreover, the valuations themselves have experienced a substantial decline between Seed and Series C, plummeting from 23.5X in 2019 (peaking at 40.0X in 2021) to a mere 9.8X in the first half of 2023. In essence, investors today, and in the foreseeable future, view the 2021

market as having reached its zenith – fully explored and exploited. This perspective extends to most NFT startups from that wave as well. Investors' options are limited: either acquire early-stage startups at modest valuations or divert their capital towards BioTech employing AI, should they align with the Web3 sector's ethos.

Now, let's delve back into the realm of Art+Tech in the first half of 2023. As we summarize the key events, conveniently outlined on the following page, we will spotlight five emerging trends, in addition to AI:

Revival of NFTs through the Bitcoin blockchain

In the early months of 2023, the crypto community had an epiphany—the Bitcoin blockchain, previously untapped for NFT transactions, suddenly became a focal point. Notably, Bitcoin boasts a capitalization of approximately \$1 trillion within its blockchain. NFT infrastructure startups operating on the Bitcoin blockchain, along with products from the near-Bitcoin ecosystem, such as Stacks and Ordinals, endeavored to captivate this audience. This strategy bore fruit momentarily—collections from Yuga Labs and Magic Eden partially migrated to the new blockchain, and March sales eclipsed those on OpenSea. Unfortunately, this did not ignite a surge in cryptocurrency capitalization, as Bitcoin itself struggled to surpass \$30K per coin, thereby dampening NFT sales of the same name.

Escalating Regulation of Crypto-assets, including NFTs

The Art+Tech market faced ongoing challenges from the crypto industry, particularly concerning regulatory scrutiny. In spring, U.S. government regulators intensified their oversight of crypto assets, leading to the withdrawal of major exchange Binance from the U.S. market (which incidentally remains a leading investor in crypto startups by geographical spread). Subsequently, other companies were compelled to take similar actions, and investment funds significantly

scaled back their commitments to Web3 startups incorporated in the United States. On August 28, the SEC raised concerns about Impact Theory, a U.S.-based startup, over a collection of NFTs that the regulator deemed as securities. The official document contained several characteristics that, theoretically, could be applied to other collections of digital assets. At the time of this report, the Impact Theory case is pending litigation.

Concurrently, China's initiative to introduce state-owned blockchains has lost its initial skepticism, with the first Chinese digital asset marketplace gaining momentum since the beginning of the year. Furthermore, in the summer, the American platform LiveArt successfully conducted an NFT sale featuring Chinese artist Yue Minjun, targeting a Chinese audience.

Convergence of Physical and Digital at the High-End Level

In the classical art market, «High-End» traditionally signifies institutional (academic) recognition, primarily from museums, research centers, biennales, top collectors, and curators. In H1 2023, the number of high-profile collaborations between digital art and prestigious physical platforms surpassed the combined count from 2021 to 2022. These collaborations encompassed museum acquisitions of NFTs, research-backed major exhibitions, and the release of physical albums by digital artists. In essence, the hypothesis that the concept of «Utility» begins with a collector removing their VR headset and immersing themselves in the real world outside the metaverse is gradually gaining validation.

Catering to the Discerning Collector

Increasingly, stakeholders in the Art+Tech ecosystem, including startups and projects, are deploying mechanisms and technologies reminiscent of the classical art market. They are adopting the best practices from Web2 developments to thrive in the Web3 landscape. For instance, OpenSea introduced OpenSea

Pro, positioning it as «a professional approach to art collecting.» HUG, a startup, secured a \$5 million funding round to democratize artist discovery, primarily for sophisticated collectors. The Victoria & Albert Museum unveiled plans for a 'stock exchange for art,' while Weng Fine Arts introduced the Weng Art Invest app, targeting collectors and investors. These initiatives align with the understanding that even in the art market's heyday, the number of active collectors seldom exceeded 50,000 individuals annually (per 1 million sales). In contrast, the inactive NFT market in August 2023 alone witnessed over 10,000 active buyers. However, questions linger regarding which demographic group will exert its influence and where.

Expansion of Corporate Accelerators

We will delve deeper into this topic in the concluding section of this report, but here are three concise observations. Presently, every major brand has established its own accelerator program. These accelerators may vary in size and may sometimes collaborate with third parties. Nonetheless, they have become essential in attracting the elusive Gen Z audience. Cultivating and acquiring startups trusted by this audience has emerged as the most effective and expeditious method to align them with a brand's values, ultimately translating into product purchases.

The most recent trend has unexpectedly brought forth a thought-provoking question: How old are Gen Z individuals today, in reality? Many of us were introduced to this term during the pandemic and have since persisted in envisioning them as being aged between 18 to 24. However, almost five years have elapsed, and they are gradually yielding the spotlight to Gen Alpha.

Are we adequately prepared for this transition? What do we truly understand about Gen Alpha, and conversely, what do they comprehend about Art+Tech? To these questions, ChatGPT remains silent, for the moment beckons us to embark on the journey of exploring the market firsthand.

FUE LARTS ♦ KEY H1 2023 EVENTS

We've highlighted key events on the timeline that not only shaped the Art+Tech ecosystem's landscape in H1 2023 but are also likely to steer the market's future development.

<ul style="list-style-type: none"> • China launches the China Digital Asset Trading Platform, a state-backed blockchain marketplace. • Mastercard partners with Polygon to inaugurate a Web3 musician accelerator program. • L'Oréal accelerator hosts its Web3 batch, investing in metaverse graduates. 	<ul style="list-style-type: none"> • Researchers employ facial recognition technology to identify a long-lost painting by Raphael. • In a trademark dispute between an NFT artist and Hermès, the artist suffers defeat. • NFT Influencer Cozomo de' Medici donates 22 digital artworks to LACMA. 	<ul style="list-style-type: none"> • Instagram disables its NFT features, without providing reasoning or justification. • An online storm erupts over an AI exhibit in the Mauritshuis museum's 'Girl with a Pearl Earring' display. • Sotheby's conducts a digital art auction in both Paris and the metaverse. 	<ul style="list-style-type: none"> • OpenSea introduces OpenSea Pro, targeting 'professional' NFT traders. • HUG concludes a \$5M funding round to democratize artist discovery access. • Gucci collaborates with Yuga Labs to explore fashion in the metaverse. 	<ul style="list-style-type: none"> • Victoria & Albert Museum unveils a 'stock exchange for art' / Weng Fine Arts introduces the Weng Art Invest app. • Web3 trendsetter Forj launches Ape Accelerator for BAYC collectors' community. • Fuelarts x Tezos Accelerator 2023 graduates 10 startups for the Tezos art ecosystem. 	<ul style="list-style-type: none"> • Apple introduces Vision Pro – the long-awaited metaverse glasses. • Louis Vuitton brings its iconic trunks into the realm of Web3. • Bankrupt hedge fund Three Arrows Capital incurs a \$4.6M loss selling an NFT Collection at Sotheby's. 	<ul style="list-style-type: none"> • Google Play store embraces NFTs in a significant policy shift. • Fractionalized NFT startup Particle loans a \$12.9M Banksy artwork to global museums. • Meta releases CM3leon, claiming their artgenerating model is toptier.
JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY
<ul style="list-style-type: none"> • Microsoft edges closer to a \$10B investment in OpenAI, the creator of ChatGPT. • Beeple announces the grand opening of Beeple Studios in collaboration with Christie's. • SFMOMA acquires its inaugural NFT, a piece by tech art pioneer Lynn Hershman Leeson. 	<ul style="list-style-type: none"> • The emerging Unicorn: Blur NFT marketplace attains a valuation of \$1B. • NFT Paris solidifies Paris's position as the new European hub of Web3/ Digital Art. • Beeple and HENI launch a physical art book delving into EVERYDAYS: THE FIRST 5000 DAYS. 	<ul style="list-style-type: none"> • Yuga Labs releases the Bitcoin Ordinals NFT Collection / Magic Eden unveils the Bitcoin Ordinals Marketplace. • OpenSea reduces fees and enforces creator royalties / Art Blocks introduces the NFT Marketplace with enforced creator royalties. 	<ul style="list-style-type: none"> • Canon announces the launch of the Ethereum photo NFT marketplace, Cadabra. • Beeple announces a physical event in partnership with the Gibbes Museum of Art. • Damien Hirst's AI project enabling collectors to generate their own paintings fetches \$20M. 	<ul style="list-style-type: none"> • Bitcoin surges to second place in NFT Sales, challenging Ethereum's dominance. • Mercedes Benz Web3 branch releases an NFT Collection in collaboration with Fingerprints DAO. • OpenAI announces the development of a text-to-model platform to generate 3D images. 	<ul style="list-style-type: none"> • Yuga Labs & Zak Group reveal a physical book chronicling the CryptoPunks legacy. • Foundation marketplace introduces 'Dynamic Pricing' for an enhanced creator and collector experience. • Arcual pledges resale royalties and provenance tracking for physical artworks. 	<ul style="list-style-type: none"> • An NFT authenticates a diamond-studded Apple Watch Cuf. • Beeple's \$29M 'Human One' sculpture finds a home at the Crystal Bridges Museum. • Old Masters scholars reject an AI-attributed Raphael in February 2023.

FUELARTS ♦ CASE STUDY #1_

How did you transition from entrepreneurship to investment? Do you recall a pivotal moment when you decided to embrace the role of an investor?

I was once the CEO of a telecom startup during the dotcom boom in San Francisco. Things were going great until the dotcom bubble burst, and most startups went under. We tried to sell our company to telecom giants, but they were also struggling. We had to let go of most employees, retaining just basic engineers and technical support.

During this time, I realized I enjoyed the engineering aspect, despite not being an engineer myself. We marketed ourselves as a service company, not just an engineering firm. However, finding another company to run was challenging due to the drying up of venture capital in Silicon Valley.

Eventually, our company was sold, and I sought opportunities as an investor. Entrepreneurs were hesitant to engage unless I called myself an investor. So, I persuaded friends to pool some capital, and that's how my journey as an investor began. I focused on investing in entrepreneurs from outside Silicon Valley, as they often lacked knowledge about working with law firms and due diligence. Later, I joined a prominent venture fund, Draper Fisher Jurvetson, where I was asked to create a Russia-focused fund due to my background. That's how I transitioned into the world of investing.

You founded the Global Technology Symposium (GTS), a premier investment conference focusing on venture capital and entrepreneur-

ship. Over the past 19 years, you have brought together prominent investors as speakers. Was this conference a deliberate strategy to establish yourself in the VC market through a specialized event?

Two decades ago, I embarked on a journey within the venture capital community, and a lot has evolved since then. What initially began as a conference soon transformed into a unique platform. I envisioned it as a sort of club, especially important in an era when the venture world felt like an exclusive boys' club. Back then, female investors numbered only a handful. Establishing your territory, your «yard,» was crucial. Hosting events allowed us to invite anyone we wished, enabling us to explore diverse topics that piqued our interest.

One year, we delved into the concept of outsourcing, a novel idea at the time when everything was handled in-house. This led us to discover global centers of excellence, extending beyond Silicon Valley and the United States. We sought talented engineers for our portfolio companies, uncovering opportunities worldwide. Another pivotal year, we secured an endorsement from Tom Friedman, riding on the popularity of his book, «The World is Flat.» This endorsed our belief that centers of excellence would extend beyond Silicon Valley.

My perspective gradually shifted towards global investments, focusing on talent outside the United States. The world continued to change, bringing us to a year dedicated to uncovering «The Secrets of Silicon Valley». It featured top CEOs and founders, marking the beginning of venture capital's expansion

worldwide. Outside the U.S., venture capital resembled private equity, with European investors approaching startups pragmatically.

Now, as we celebrate our 20th anniversary in San Francisco with a more exclusive event, each participant will have their «yard». This year, we aim to reflect on the past two decades, summarizing key milestones and contemplating the next two decades. In a rapidly changing world, deciphering what endures and what fades is crucial. Among the topics we'll explore, leadership, work-life balance, and the pursuit of happiness stand out. What comes after financial success? What fulfills us? These are the questions we'll tackle in our 20th year. Surviving two decades is no small feat, and our conference's adaptability, residing on the cloud, keeps us relevant as we evolve with the times.

In 2016, you established VC.House, an investment community that enables startups to showcase their products to venture capitalists. What were the primary objectives of this initiative, and what achievements have you seen as a result?

My business philosophy aligns with the idea that building a company requires a collaborative effort. I firmly believe in the wealth of talent beyond the confines of Silicon Valley. Over the past two decades, we've witnessed the emergence of venture communities worldwide, outside the U.S. and Silicon Valley.

The concept behind our gatherings was to bring together VC funds from diverse locations for informal knowledge sharing and market insights. It's crucial to understand what's

happening in regions like Asia, Eastern Europe, or different U.S. states to gain diverse investment perspectives. Additionally, we aimed to foster potential collaborations by sharing investment opportunities and portfolio insights.

We've already held several meetings, some virtually and others in person. These events feature engaging panel discussions on current topics, allowing attendees to exchange ideas while enjoying refreshments. Despite the allure of the industry, it's essential to acknowledge that it involves hard work. Conversing with peers in a similar space makes it easier to discuss challenges and strategies openly.

Our events, organized in partnership with Startup Network, are exclusively for investors, excluding startups. This focused environment allows for uninhibited discussions without the concern of unsolicited pitches. While there's value in such pitches, our gatherings serve a different purpose – facilitating meaningful connections among investors.

The year 2022 witnessed a remarkable surge in investments within the Art+Tech sector, reaching a record-breaking total of \$3.48 billion. What factors do you believe played a significant role in driving this investment boom, especially during a bear market?

Well, it all began with blockchain technology, initially confined to the realm of high-tech enthusiasts. As we understand it, blockchain is essentially a tool—a permanent ledger that ensures data integrity. However, it didn't stop there; it began permeating other industries. For a time, there was excitement surrounding the idea of an entirely new asset class tailored



ALEXANDRA JOHNSON

Founder of Global Technology Symposium (GTS),
CEO of VC.House

FUEL ARTS ♦ CASE STUDY #1

for those who had already embraced the digital world. People envisioned a scenario where this new class would coexist with the physical world, and there was this belief that it might even rival it.

I must admit that I've held a skeptical view of the Metaverse and NFTs since their inception. I've never been a believer in the idea that the Metaverse or NFTs would replace or overshadow the physical world. Personally, I still value the tangible aspects of the physical world. That's not to say I disregard the existence of the digital realm; it's just that I've never been convinced that it would create an entirely new class of assets or lead people to abandon physical interactions in favor of a digital existence, even if that involves buying digital monkeys.

You have made several investments in Art+Tech startups. Could you kindly share details about these deals and elaborate on the key motivations that led you to explore the realm of art and technology?

I'm entering the Art+Tech world with caution, as it's relatively new territory for me. In my portfolio, only one company ventures into this field because it represents a significant shift in my investment strategy. What truly excites me, though, is the immense potential of AI as a creative tool for artists. AI offers new tools to artists, amplifying their creative capabilities.

Therefore, I've chosen to explore this domain now. While the hype around NFTs and Web3 tools may be subsiding, AI continues to advance and unlock generative potential.

The fusion of physical art with AI-generated possibilities is remarkable. It's a way to draw a new generation of art enthusiasts into this world. Across various cultural realms, such as ballet or opera, we're witnessing an aging audience. Innovative approaches that embrace the tools of the younger generation have proven successful.

In the art world, algorithms and virtual collaborators can assist artists in unprecedented ways. This hybrid model of art appreciation is the future. Traditional galleries can be intimidating, and only a fraction of the population engages in high-profile auctions. The real challenge for new artists is breaking into these established platforms. That's where I see value — in providing opportunities for emerging artists to gain exposure on established platforms.

The company I'm collaborating with, known as [Atoll.art](#), epitomizes this vision. They curate art installations in high-traffic locations, combining physical and digital art. This is just the beginning of a profound transformation in our daily lives, where digital art seamlessly integrates with the physical world. Imagine having exquisite artworks displayed in rotating frames, with the possibility of interactive collaboration. The potential is boundless.

So, to sum it up, I'm venturing into the world of Art+Tech because I believe in the power of AI as a creative tool, the potential to bridge physical and digital art, and the opportunity to democratize art appreciation beyond traditional galleries. It's an exciting journey with limitless possibilities.

How has your investment strategy evolved since the onset of the bear market, and how are you currently implementing it in 2023?

The landscape has evolved significantly, but my approach remains unchanged. In this era of hype and immense capital flow, the dynamics have shifted. Cash reigns supreme, and investors demand proof of concept, solid revenues, and traction. In this dichotomy, there are two types of companies: those desperately seeking investors and those investors actively pursue. Naturally, the goal is to belong to the latter category. For me, this fundamental principle has remained constant, whether in technology or even fashion.

I've always been discerning, whether in choosing a fashion piece or investing in a startup. I prefer to wait and assess suitability. The same principle applies to technology investments. It's about patience and waiting for the right opportunity.

For me, a startup isn't just about the technology; it's about the people. A founder, particularly, is someone I place my trust in. If I believe in their vision, I immerse myself in their industry and become a valuable partner. This commitment has led to successful ventures, like a cloud computing company I backed over a decade ago. It's a partnership that aligns our interests because, in the investment world, we're not adversaries but collaborators building a shared business.

What has changed, though, is the proliferation of massive funds that have transformed into financial institutions. Giants like Sequoia and Andreessen Horowitz have expanded

their reach and capabilities. Competing with such investment powerhouses is challenging. As a smaller player in this vast field, my survival strategy remains clear: forging strong relationships with entrepreneurs, remaining loyal to them, and co-building something meaningful. In essence, my strategy endures — back visionary entrepreneurs with big dreams, establish genuine partnerships, and adapt to the ever-evolving investment landscape.

If you could offer three valuable pieces of advice to young founders of startups in the Web3 space, what would they be?

- **Follow Your Passion:** Regardless of the industry or stage of your startup, entrepreneurship demands unwavering commitment. If you're truly passionate about your idea, you'll pursue it despite any advice to the contrary. Just like poets are born poets, entrepreneurs are born with a burning desire to create something extraordinary.

- **Be Cautious with External Funding:** While external investment can be beneficial for scaling your venture, it's crucial to exercise caution. If you can sustain your growth without giving away equity, consider avoiding professional investors. Once you accept external money, you'll share decision-making and ownership. However, if rapid expansion is a necessity, seeking funding becomes essential to stay competitive.

- **Choose Your Investors Wisely:** When you do decide to take on investors, choose them carefully. Building a startup is a long-term journey that requires trust and collaboration. Look for investors who share your

vision and values, and with whom you can establish a strong working relationship. Trust is at the core of this partnership.

Similarly, what advice would you give to investors who are entering the Art+Tech market and are in the early stages of exploring this unique domain?

- **Avoid Hasty Investments:** Don't treat investing like a gamble. Betting on tech startups without thorough research and understanding is akin to playing in a casino. If you're only in it for the money, consider other investment avenues with better odds.

- **Consider Investment Funds:** If you're new to investing, consider putting your money into a well-respected fund in your area of interest. Fund managers have the expertise and diversification strategies to maximize returns while managing risks. You'll also receive regular reports on your investments.

- **Leverage Industry Expertise:** If you have deep industry knowledge and are passionate about a particular sector, you may choose to invest directly in startups. However, be aware that the risks are higher without professional guidance. Successful entrepreneurship doesn't always translate into successful investing.

In conclusion, the Web3 space holds immense potential, particularly when combined with emerging technologies like generative art. As you navigate this exciting field, remember that passion, caution, and wise decision-making are keys to success.

INVESTORS

1



FUELARTS ♦ INVESTORS GLOSSARY

TRADITIONAL

VC – Venture Capital – an investment company that accumulates funds and makes subsequent investments in fiat currencies. VC typically has short-term and medium-term investments in startups in the early rounds.

PRIVATE EQUITY – an investment company working with institutional capital trusted by Limited Partners (i.e. managing assets of large corporations). As a rule, applies a strategy of medium-term and longterm investments in equity securities and debt in mature businesses / later-stage startups.

HEDGE FUND – a mutual investment fund with an investment cycle, scope of investments and a set limit on the number of shareholders defined by the charter. Unlike VC, it must balance investments in risky assets with more solid assets, and unlike Private Equity, it works mainly with private capital.

INVESTMENT BANK – an investment company that is established under a large bank / affiliated with a bank. Large Investment Banks make advisory-based investments on behalf of individuals, corporations, and governments. Middle-market investments (including startups) are mainly made by smaller companies - Boutique Banks.

ANGEL GROUP – also known as Syndicate – a community of investors in the form of a closed club, whose members make collective investments in smaller checks (thus reducing the risk load when diversifying investments). Main feature is that they use personal net worth for investing.

ACCELERATOR – an educational company that mentors startups to improve market survival. Often has a «venture arm» – an affiliated investment company to invest in the most promising graduates.

VENTURE COMPANY BUILDER – an entrepreneurial enterprise specializing in conceiving, launching, and nurturing new businesses. Typically launched by industry strategists/brands, they provide expertise, resources, and networks to guide startups from inception to growth stages, sharing risks and rewards.

GOVERNMENTAL OFFICE – a public institution responsible for economic development, policy formulation, and regulation. They promote business environments, offer incentives, and facilitate infrastructure, investing in social-responsible startups.

TECH STRATEGIST – a large technology company or a late-stage startup that invests in young startups with the goal of later adopting the technology (or team) to their business.

INDUSTRIAL STRATEGIST – a large industrial resource (plant, factory, international service provider) that invests in young start-ups in order to later adopt the technology (or team) in their business.

MEDIA STRATEGIST – a large media resource (Mass Media or video streaming service) that invests in young startups in order to later adopt the technology (or team) in their business.

ART STRATEGIST – a major player in the art market that invests in young start-ups in order to later adopt the technology (or team) in their business. Another possible reason for investment may be the desire to keep abreast of the market to monitor new trends and audience behavior. As a rule, it is represented by auction houses, large galleries, or media resources.

BRAND – a well-known trademark under the brand of which goods for the mass market are produced. It invests in young startups in order to later adopt the technology (or team) in its business, as well as increase the loyalty of its own audience by appealing to the latest trends.

CRYPTO

CRYPTO VC – an investment company that accumulates funds and subsequently invests in cryptocurrency assets.

DAO – Decentralized Autonomous Organization – a mutual investment fund on the blockchain, within the framework of which management key decisions are made by the shareholders themselves (or by the smart contract algorithm).

CRYPTO STRATEGIST – a large technology company or later stage startup that invests in young startups with the goal of later adopting the technology (or team) to their business.

BLOCKCHAIN – a technology company that created and manages its own blockchain ecosystem.

INDIVIDUALS

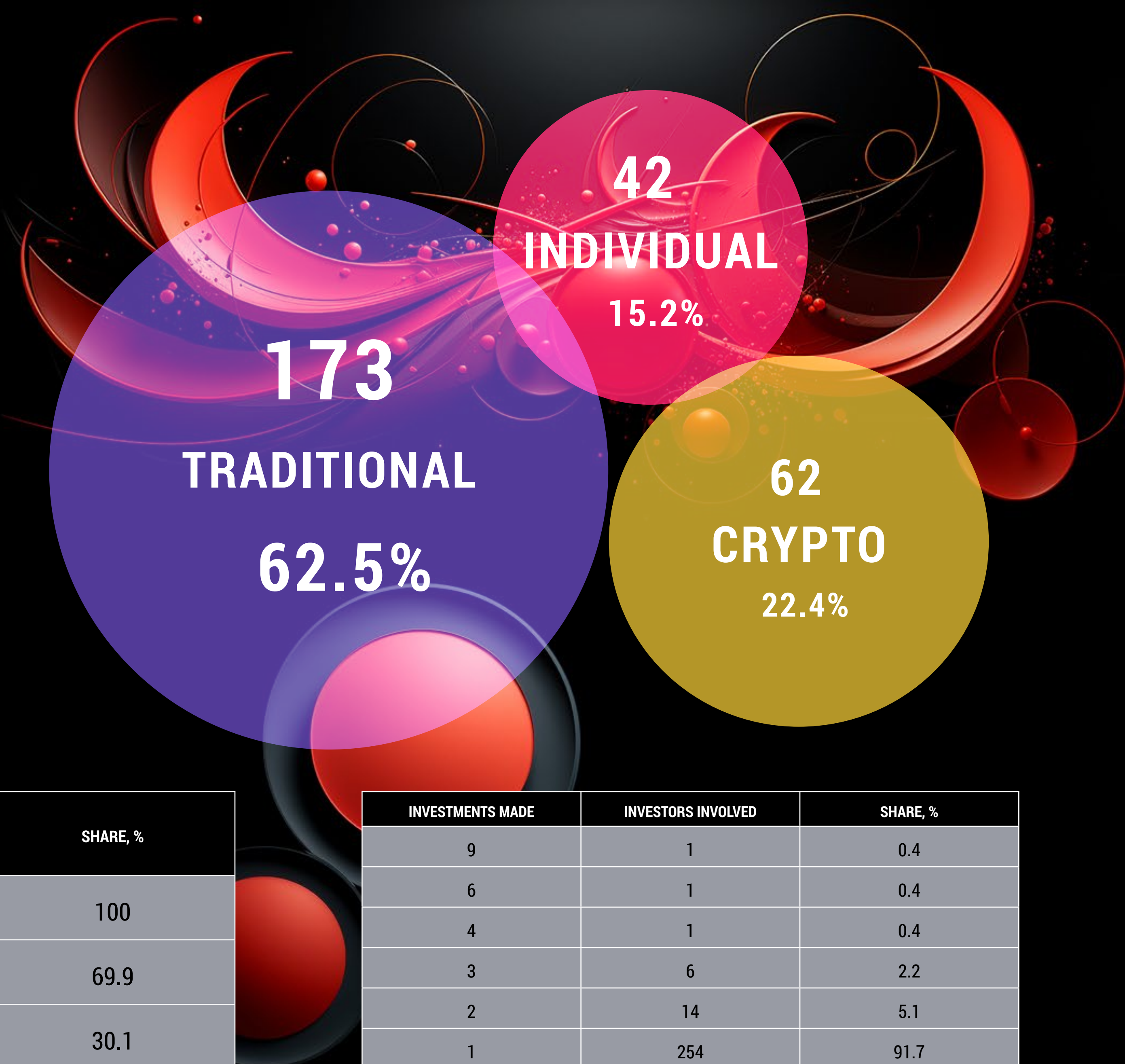
PRIVATE INVESTOR – an individual who invests their own or borrowed funds. Can invest in both fiat currencies and crypto assets.

FUELARTS ♦ KEY NUMBERS

- In the first half of 2023, a total of **132** Art+Tech & NFT startups were involved in **135** funding rounds, averaging **1.02** rounds per startup. In the preceding six months, only two startups – Typeface and LayerZero Labs – underwent 2 and 3 investment rounds, respectively.
- The cumulative count of investors partaking across all these rounds reached **277**, of which **8.3%** had engaged in multiple investments within the realm of diverse Art+Tech & NFT startups in 2022. A mere **3.2%** of investors ventured into three or more investments, marking a figure half the size compared to the preceding year.
- A substantial **91.7%** of investors directed their funds exclusively towards a single Art+Tech & NFT startup.
- Out of the pool of **277** investors, only **69** exhibited activity in both 2022 and the first half of 2023, representing **24.9%**. Meanwhile, **785** investors who had previously allocated capital in 2022 chose to abstain from investments during the initial half of 2023.
- The influx of new investors into the market during the first half of 2023 totaled **208**, accounting for a considerable **75.1%**. This figure is three times greater than the proportion of new investors who entered the market in 2022.
- In H1 2023, a cumulative count of **319** investments materialized, translating to an average of **1.2** investments per involved investor.
- The most prominent players in funding Art+Tech and NFT startups were **Venture Capitalists** and **Individuals**, constituting **31.8%** and **15.2%** of the investment share, respectively.

THE TOTAL NUMBER OF INVESTMENTS / INVESTORS, INVOLVED IN H1 2023

	INVESTORS INVOLVED	SHARE, %	INVESTMENTS MADE	SHARE, %
TOTAL	277	100	319	100
NEW IN 2023	208	75.1	223	69.9
ACTIVE IN BOTH 2022 AND H1 2023	69	24.9	96	30.1



INVESTMENTS MADE	INVESTORS INVOLVED	SHARE, %
9	1	0.4
6	1	0.4
4	1	0.4
3	6	2.2
2	14	5.1
1	254	91.7

FUELARTS ♦ TOP INVESTORS IN H1 2023

Nº	INVESTOR	INVESTMENTS IN ART+TECH IN H1 2023	TOTAL INVESTMENTS (ALL SPHERES, ALL YEARS)	% OF TOTAL INVESTMENTS	CLASSIFICATION	COUNTRY OF INCORPORATION
1	Polygon Ventures	9	20	45	Blockchain	India
2	Outlier Ventures	6	258	2.3	Accelerator	UK
3	Animoca Brands	4	267	1.5	Tech Strategist	Hong Kong
4	Big Brain Holdings	3	73	4.1	VC	USA
5	CRIT Ventures	3	73	4.1	VC	South Korea
6	Google Ventures	3	1047	0.3	Tech Strategist	USA
7	HashKey Capital	3	71	4.2	VC	Hong Kong
8	Infinity Ventures Crypto	3	80	3.8	Crypto VC	Taiwan
9	Y Combinator	3	5794	0.1	Accelerator	USA
10	500 Global	2	3042	0.1	Accelerator	USA
11	Business Opportunities for L'Oréal Development	2	8	25	Brand	France
12	CMT Digital Ventures	2	117	1.7	Crypto VC	USA
13	Galaxy Digital	2	104	1.9	Tech Strategist	USA
14	Graviton Web3 Accelerator	2	6	33.3	Accelerator	India
15	Kenetic Capital	2	102	2	VC	Hong Kong
16	Kima Ventures	2	719	0.3	VC	France
17	Lucid Blue Ventures	2	29	6.9	VC	Undisclosed / Decentral
18	NGC Ventures	2	142	1.4	Hedge Fund	Singapore
19	Nima Capital	2	31	6.5	Family Office	USA
20	OKX Ventures	2	44	4.5	Crypto Strategist	Seyshelles
21	Sam Enrico Williams	2	27	7.4	Private Investor	UK
22	Skyland Ventures	2	69	2.9	VC	Japan
23	Venrex	2	174	1.1	VC	UK

FUELARTS ♦ ART+TECH STARTUP INCUBATORS AND ACCELERATORS IN H1 2023_

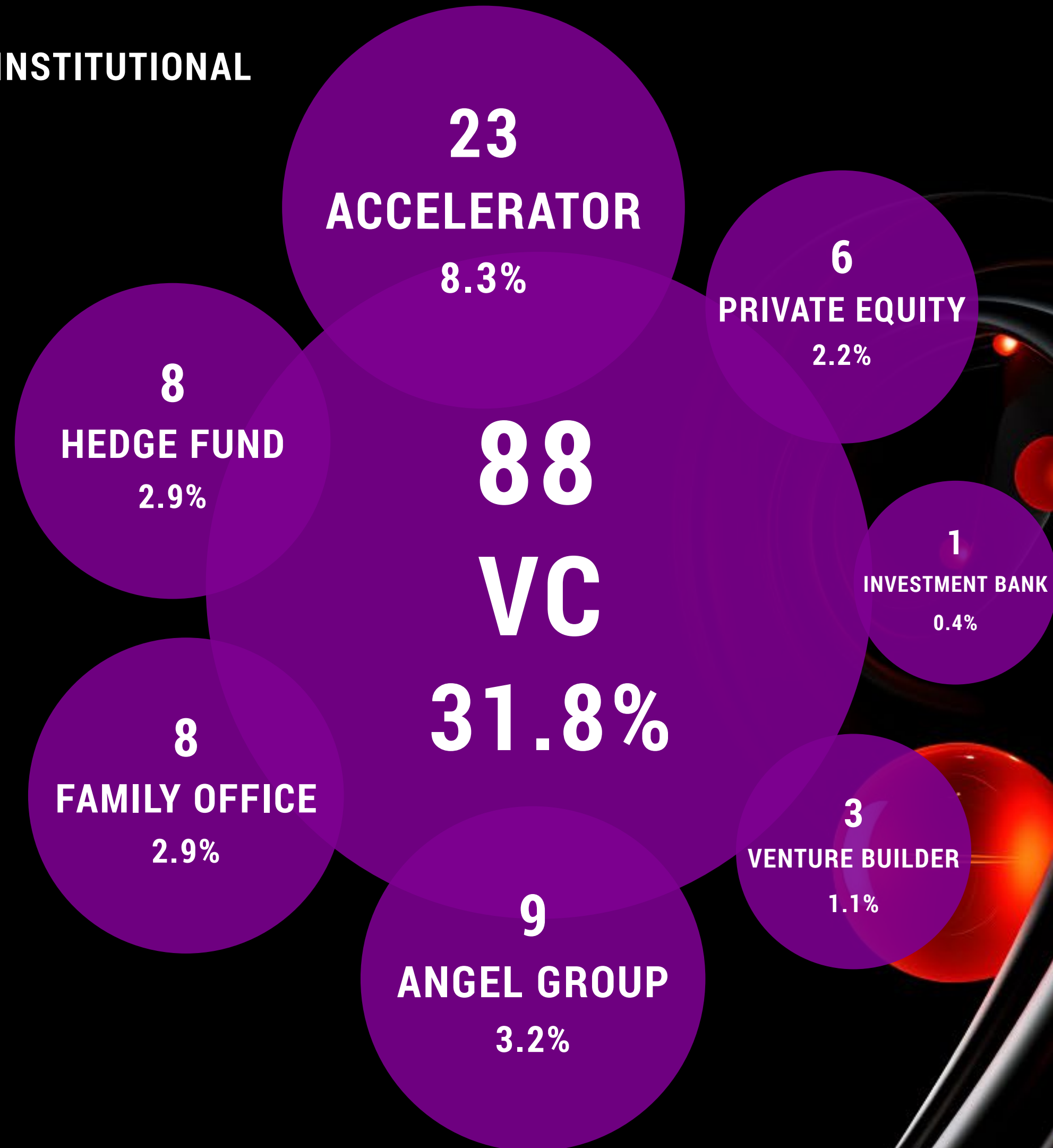
Nº	ACCELERATOR	ACCELERATED ART+TECH & NFT STARTUPS IN H1 2023	INDUSTRY FOCUS	FOUNDING YEAR	COUNTRY OF INCORPORATION
1	Fuelarts x Tezos Accelerator	10	Art+Tech	2019	USA
2	Outlier Ventures	6	Web3	2014	UK
3	Y Combinator	3	General / Tech	2005	USA
4	500 Global	2	General / Tech	2010	USA
5	Graviton Web3 Accelerator	2	Web3	2023	India
6	AppWorks	1	Tech	2009	Taiwan
7	Arise	1	General / Tech	2020	Malaysia
8	B Heroes	1	General / Tech	2017	Italy
9	Beacon	1	Web3	2022	USA
10	Comcast NBCUniversal LIFT Labs	1	Tech	2017	USA
11	CryptoViet Ventures	1	Web3	2019	Singapore
12	Digitata Capital	1	Tech	2021	Hong Kong
13	eFounders	1	Tech	2011	France
14	Forum Ventures	1	Tech	2012	USA
15	Founderheads	1	Web3	2021	Lithuania
16	Founders Factory Africa	1	General / Tech	2018	South Africa
17	Fulcrum Venture Accelerator	1	General / Tech	2019	USA
18	Graduate Entrepreneur Fund	1	Tech	2021	The Netherlands
19	IOSG Ventures	1	Web3	2017	Cayman Islands
20	LVenture Group	1	General / Tech	2013	Italy
21	NxGen Capital	1	Web3	2021	UK
22	Spring Camp	1	Tech	2015	South Korea
23	Tech4Trust acceleration program	1	Tech	2020	Switzerland

FUELARTS ♦ INVESTOR UNIVERSE

FIAT INVESTMENTS
173 | 62.5%

CRYPTO INVESTMENTS
62 | 22.4 %

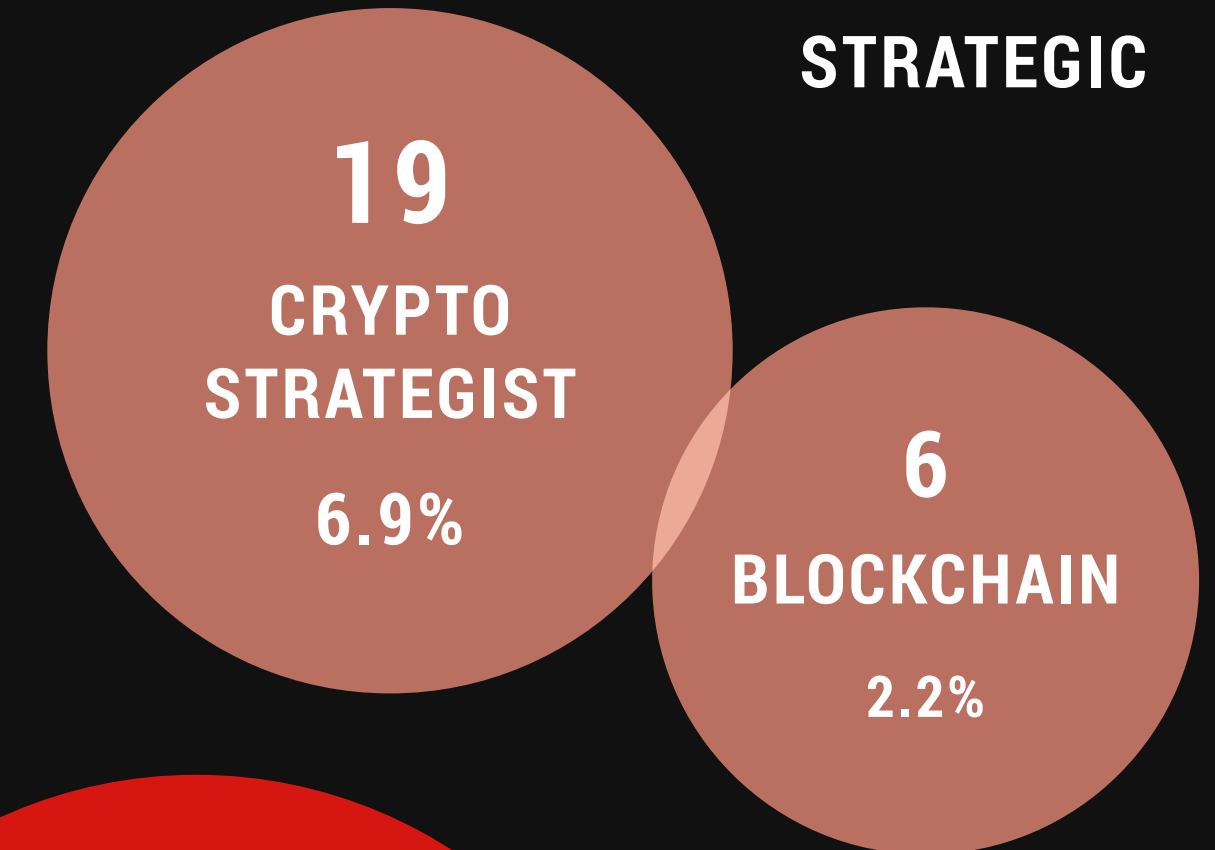
INSTITUTIONAL



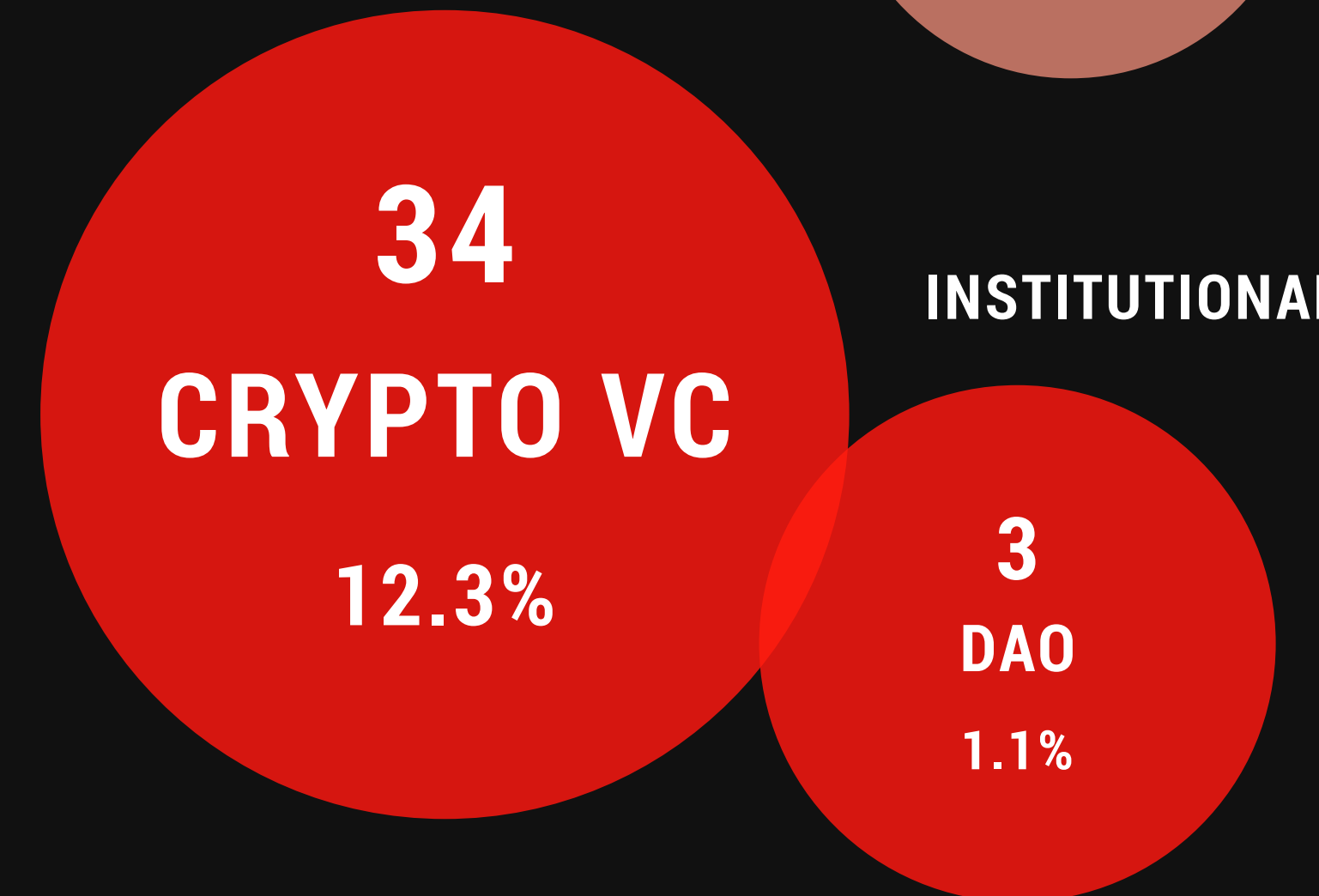
STRATEGIC



STRATEGIC



INSTITUTIONAL



FUELARTS ♦ GEOGRAPHICAL SPREAD

12 INVESTORS
4.3%

UNDISCLOSED/DECENTRAL

13 INVESTMENTS
4.1%

Nº	COUNTRY	INVESTORS	% INVS	INVESTMENTS	% INST
1	USA	117	42.2	136	42.6
2	Singapore	18	6.5	19	6.0
3	UK	14	5.1	30	9.4
4	France	12	4.3	14	4.4
5	Undisclosed / Decentral	12	4.3	13	4.1
6	South Korea	10	3.6	12	3.8
7	China	9	3.2	9	2.8
8	India	9	3.2	18	5.6
9	Hong Kong	8	2.9	14	4.4
10	Japan	8	2.9	9	2.8
11	Turkey	7	2.5	7	2.2
12	Germany	5	1.8	5	1.6
13	Taiwan	5	1.8	7	2.2
14	Canada	4	1.4	4	1.3
15	Cayman Islands	4	1.4	4	1.3
16	Italy	4	1.4	4	1.3
17	Malaysia	4	1.4	4	1.3
18	Vietnam	4	1.4	4	1.3
19	Australia	4	1.1	3	0.9
20	Indonesia	3	0.7	2	0.6
21	The Netherlands	2	0.7	2	0.6
22	Ukraine	2	0.7	2	0.6

121 INVESTORS
43.7%

NORTH AMERICA

140 INVESTMENTS
43.9%

48 INVESTORS
17.3%

EUROPE

66 INVESTMENTS
20.7%

6 INVESTORS
2.2%

TAX HEAVENS

7 INVESTMENTS
2.2%

1 INVESTOR
0.4%

AFRICA

1 INVESTMENT
0.3%

8 INVESTORS
2.9%

MIDDLE EAST

8 INVESTMENTS
2.2%

81 INVESTORS
29.2%

ASIA & OCEANIA

102 INVESTMENTS
32.0%

REGION	INVESTORS	% INVS	INVESTMENTS	% INVS
North America	121	43.7	140	43.9
Asia & Oceania	81	29.2	102	32.0
Europe	48	17.3	66	20.7
Undisclosed / Decentral	12	4.3	13	4.1
Middle East	8	2.9	8	2.5
Tax Heavens	6	2.2	7	2.2
Africa	1	0.4	1	0.3

FUELARTS ♦ INVESTMENTS BY STAGES_

- During H1 2023, the Art+Tech ecosystem witnessed the largest concentration of startups at the Seed stage, accounting for 62 companies. This was followed by 38 startups in the Pre-Seed stage, while both Series A and Non-Equity Assistance stages each hosted 10 startups.
- In terms of funding, the frontrunners were Series B startups, securing a combined investment of \$227 million. Close behind were the early-stage Seed startups, accumulating \$146 million in investments.
- The pinnacle of cumulative total investments was claimed by Series B startups, amassing an impressive \$468 million. To put it differently, Series B startups garnered 49% of their total funding during H1 2023.
- The median funding ratio between Seed and Series A rounds remains consistent at 1:2. Conversely, the ratio between Pre-Seed and Seed rounds stands at a substantial 1:12, while the Series A to Series B ratio reaches 1:15.
- In contrast to prior investment cycles, where the distinction between Pre-Seed and Seed rounds was less pronounced, there is now a discernible hesitancy among investors to allocate substantial funds to startups in their early stages. This suggests a more reserved outlook from venture investors, implying a preference for more substantial and impactful investments. This sentiment is echoed among prominent strategists and institutional investors, who exhibit a preference for Series B over Series A investments.
- It's noteworthy that 39% of startups have opted not to disclose their funding details. Particularly opaque are the stages of Seed and Pre-Seed, with 65% and 61% respectively lacking market visibility.

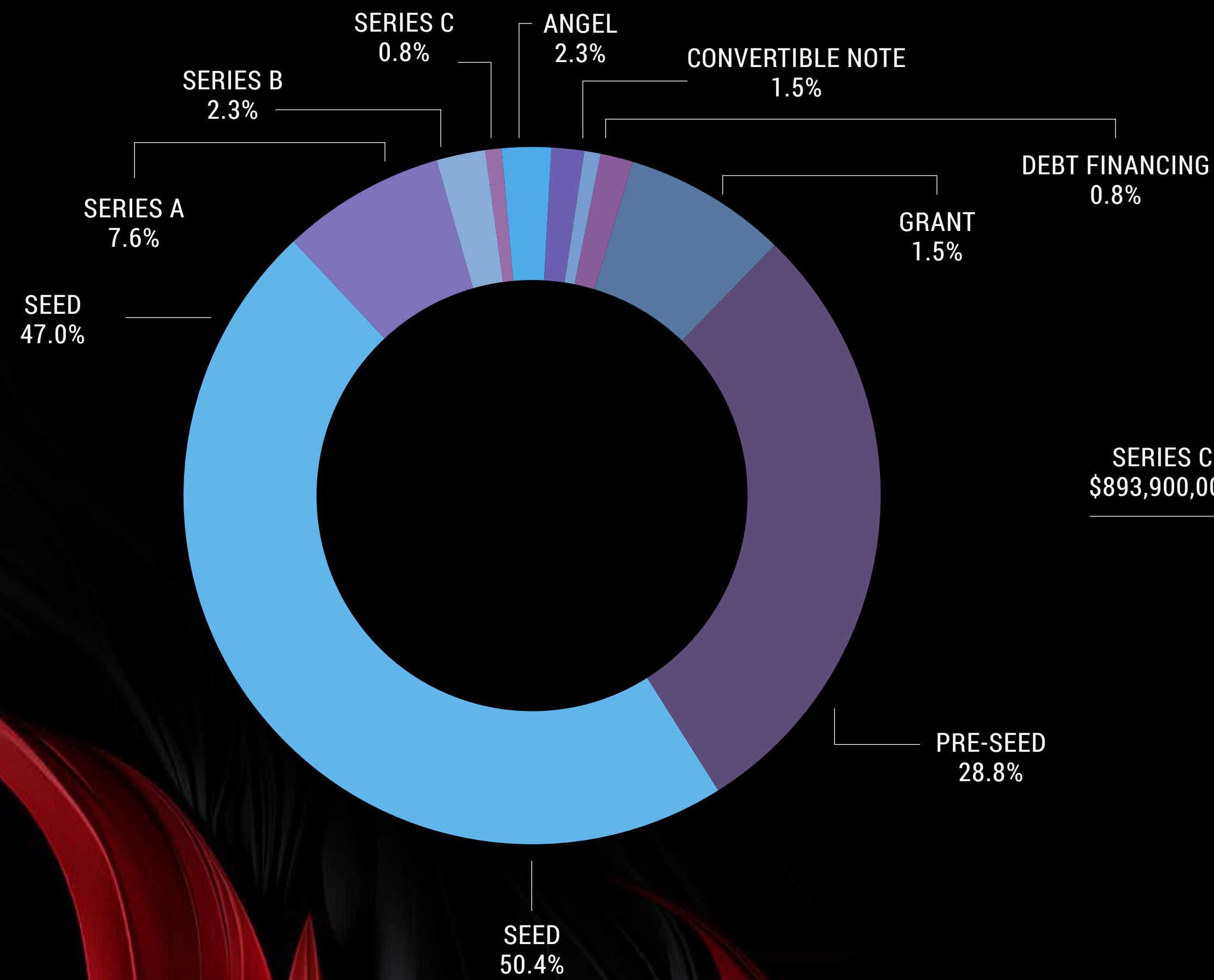
ART+TECH & NFT STARTUPS BY INVESTMENT STAGE (H1 2023)

INVESTMENT STAGE	STARTUPS	FUNDING (H1 2022)	TOTAL FUNDING	AVERAGE FUNDING	MEDIAN FUNDING	MARKET VISIBILITY, %
ANGEL	3	11,087,150	11,087,150	3,695,717	5,543,575	67
CONVERTIBLE NOTE	2	29,000,000	134,647,885	14,500,000	14,500,000	100
DEBT FINANCING	1	330,000	29,330,000	330,000	330,000	100
GRANT	2	152,755	5,207,921	76,378	76,378	100
NON-EQUITY ASSISTANCE	10	-	801,573	-	-	0
PRE-SEED	38	19,071,878	26,693,383	501,892	250,000	61
SEED	62	146,326,720	210,505,281	2,360,108	3,100,000	65
SERIES A	10	78,342,669	230,999,887	7,834,267	6,500,000	70
SERIES B	3	227,267,653	468,396,803	75,755,884	100,000,000	100
SERIES C	1	90,000,000	156,600,000	90,000,000	90,000,000	100

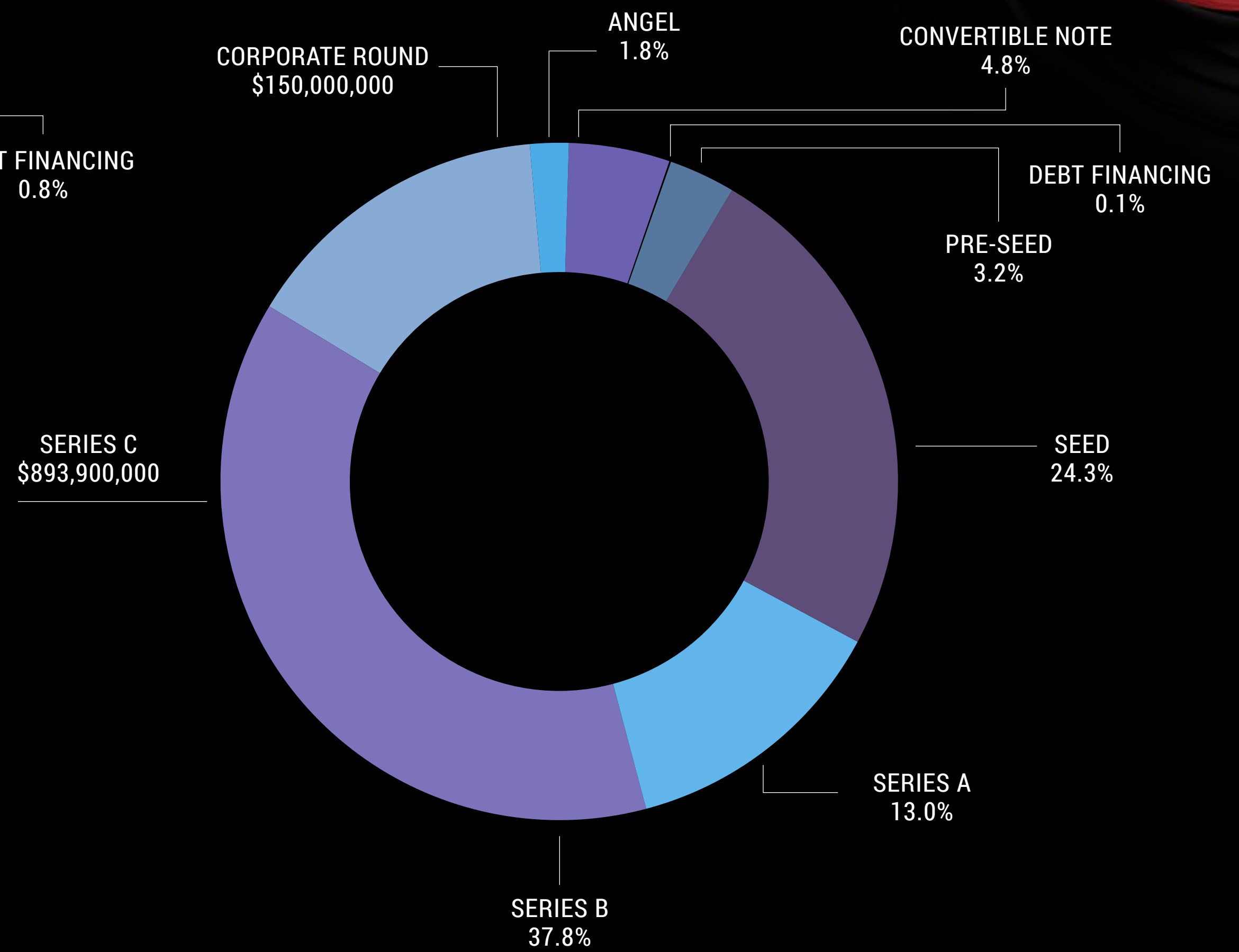
*ALL FIGURES ARE IN US\$

FUELARTS ♦ INVESTMENTS BY STAGES

ART+TECH & NFT STARTUPS STAGE (VOLUME)



ART+TECH & NFT STARTUPS STAGE (INVESTMENT)



FUEL ARTS ♦ CASE STUDY #2_

Fabric Ventures was launched in 2017 and has expanded its portfolio to include 83 startups since then. However, the concept of Web3 did not exist at the time of its inception. Can you shed light on how your chosen niche has evolved and adapted over time?

The Fabric team's interest in Web3 was born from experience investing in fintech and building and investing in open-source software since 2012. We've seen the evolution of Web3 in waves of developments at the application and infrastructure layers. Many of our early investments were focused on decentralised finance and infrastructure, telling of the design space that was open at the time, e.g. Layer 1s such as Near and Polkadot, MEV infrastructure such as Flashbots, on-ramping/off-ramping such as Ramp.

Since 2020, as the infrastructure matured, the design space expanded, and the ERC-721 NFT standard gained popularity, exciting applications emerged beyond DeFi. We saw the potential in early projects such as Nansen, Sorare and Axie Infinity and expanded the verticals we invested in to include gaming, media, work and payment applications.

Today, we are excited by new monetisation opportunities for existing IP holders and the role communities can play in developing IP (e.g. Sorare and Strider). We see a place for interactive media, which builds on the 1/1/X standard pioneered by generative art, where NFTs in one's wallet can interact and influence a digital object. Additionally, we believe in the potential for stablecoins and blockchain rails to revolutionise payments as we know them today.

Over 50% of Fabric's investments sit at the application layer, highlighting how far we've come in infrastructural developments and how ripe the opportunity space is for building exciting products. Several of our investments today still hark back to our routes, with OnlyDust's focus on open-source funding/grants budgets and Exhash's open and permissionless approach to generative media.

Fabric Ventures is renowned as one of the primary VC backers of Art+Tech, with investments in notable ventures such as Verisart and Sorare. What makes this niche attractive to you, and how does it compete with other sectors like FinTech, MedTech, EcoTech, etc., regarding investment attention?

This question is exciting for me as when I first joined Fabric (a generalist Web3 fund) in 2020, investors and peers questioned whether Web3 was a wide enough niche to dedicate an entire fund to. Only two years later, the question turned to how we cover the whole Web3 space without specialising further. We have invested in several verticals: wallet infrastructure, ZK tech and other scaling solutions, payments, DeFi, commerce, gaming, generative art and open work.

We aim to come to our investments with a prepared mind and try not to be too prescriptive about the verticals we look at. Timing is an essential component of any investment. Many applications were being developed in 2017 that still have not taken off due to a lack of supporting infrastructure or timing. DeFi and gaming are more mature industries than others, such as work or healthcare, where we have yet to deploy

as much but believe future applications will develop.

For Verisart, we saw exciting potential in bridging the physical and digital art worlds and interesting timing with the rise of NFTs. With Sorare, we were excited by the prospect of digital scarcity and the advancements in blockchain infrastructure to elevate the fantasy sports model and the IP monetisation opportunity for sports leagues.

Reflecting on Richard Muirhead's talk at the inaugural Christie's Art+Tech Summit in London in 2018 and the present day, how, in your opinion, has the Art+Tech scene evolved over the years?

That is an excellent moment to reflect on and see how far we have come. The discussions at the Summit focused on the fallout of the ICO "bubble", the role crypto plays in supply chain management, and the role blockchain can play in authentication. What is exciting to see, and perhaps not realised then, is the creativity unlock blockchain can and has enabled.

In 2018, the consensus was supply chain management and authentication would create a role for blockchain in the intersection of the physical/digital art world. Instead, we've emerged with Bright Moments, a travelling NFT gallery focused on live experiential minting events that have paid out \$20m to artists. Now, we have NFC-chipped goods, adding a digital layer to physical products. Long-form generative art created the novel standard of 1/1/X, allowing collectors to have a unique edition within a broader collection.

Feature sets such as `fx(params)` have doubled down on this trend and give collectors a co-creation role in creating artwork.

Two things have not changed since 2018: Blockchains have been important as a payment rail, creating value for digitally native objects. Additionally, regulation (especially in the US) has not become any more transparent.

How has your investment strategy evolved since the onset of the bear market, and how is it currently being implemented in 2023?

The bear market is a harsh environment for founders; many who thought they had found product-market-fit or were close to it had markets disappear overnight. For Fabric, the current climate has given us time to reflect on the industry's progress over the last few years. We've been developing our thesis on what subsectors within the industry we're most excited about and what net-new applications and infrastructure blockchains enable. In this market, we're keen to meet entrepreneurs with a prepared mind on what they are building and a thesis on how they can become a billion-dollar company.

We have continued to deploy throughout the bear market and remain focused on the pre-seed and seed stages. We are particularly interested in how Web3 technology can enhance or augment existing user behaviours or infrastructure, such as payment rails, in unique ways. Recently, we have been particularly excited about the novel consumer applications and interactive media opportunities enabled by generative technologies and the maturation of ZK technology.



LATA PERSSON

Venture Analyst
at Fabric Ventures

FUELARTS ♦ CASE STUDY #2_

What new criteria are you considering when evaluating Web3 strategies today? In other words, what key factors do you look for when selecting an investment in this rapidly developing field?

The strength of the team is a classic measure across all types of venture investing and is no different in Web3. We consider early ideas around the problem statement and potential product and go-to-market. However, we recognise that founders may pivot from their initial ideas. Gnosis Safe, which raised [\\$100m in 2022](#) and manages [\\$14bn in assets](#), was initially launched in 2015 as a decentralised prediction market on the Ethereum blockchain.

We try to have a prepared mind on areas we're excited about to meet entrepreneurs halfway. We try to on the net new opportunities that blockchain enables that cannot be reproduced otherwise.

Your investment fund also operates as an accelerator – Fabric X – launching cohorts in France, the United Kingdom, and Germany. How does having your own accelerator arm benefit an investment fund, particularly in terms of identifying and supporting startups at an early stage?

Having an accelerator has been immensely useful as an investment fund. A key focus of the accelerator is supporting founders as they develop their product ideas. As they explore the design spaces around different products and markets, we are fortunate to share their learnings in ways that apply similarly to our venture investing. We learn from the ideas the founders bring to the table and the prepared mind we have developed from assessing the market at the venture stage.

As the founders develop, we learn where exciting ideas fall short, how to pivot and what infrastructure needs to exist to take this opportunity to the next level. Additionally, we are fortunate enough to continue backing our best entrepreneurs as they mature, such as [Narval](#), who recently raised a \$4m seed round, introducing top-tier new investors such as a16z and Blocktower.

Our accelerator has helped strengthen our geographically localised Web3 communities through the mentor network (see [France here](#)) we build for each program. Our local accelerators form geographically distributed communities of Web3 founders of both scaled companies and founders at the start

of their entrepreneurial journey. Additionally, our localised accelerator programs provide excellent exposure to talent in key European geographies. We have been fortunate to receive many strong applications that we cannot accept into the accelerator but form our talent network. Our portfolio companies can leverage this talent network for their relentless search for top hiring potential.

Given the current emphasis on AI in the investment landscape, what percentage of your portfolio consists of AI startups, and what are your plans for further developing this sector within your accelerator?

As we are predominantly a Web3-focused fund, we do not have any AI-focused startups per se. Several portfolio companies are leveraging AI in novel ways to supplement existing product development, whilst many companies in our pipeline are taking advantage of recent advances in the field. We are excited to see how the founders within our accelerator explore the intersection of Web3 and AI. Some broader themes we are seeing in our portfolio, pipeline and elsewhere which excite us include:

- Novel ways to maximise the lower production cost of image generation

- Enhancing artefacts such as NFTs with custom training based on your interactions with the object

- Token holders with voting rights in decisions related to the AI project's development, ensuring alignment with community values ([Botto DAO](#) is an excellent example of this)

- Attribution tracking, where smart contracts define IP usage, automate payments and licensing, and track usage (e.g. [Story Protocol](#))

- Personal data management: using decentralised protocols to enforce rules on how data is accessed and used

- Data monetisation: Tokens reward the contribution of valuable data with a share of profits derived from AI models trained on the data

- Zero-knowledge machine learning (ZKML)

- Incentivised resource sharing, e.g. tokens used to incentivise the contribution of computing resources to train models

- Identity: As generative AI improves and minimal cost is required to mass produce content, we expect value in decentralised identity where you can show and prove things about yourself will increase (e.g. [Worldcoin](#))

We would love to chat with anyone building in one of these areas!

If you were to provide three valuable pieces of advice to young founders of startups in the Web3 space, what would they be?

1. Don't be afraid to deploy the bare-bones version of a feature to get user feedback and improve.

2. Be prepared to pivot; some of today's best companies started with a different idea (e.g. Safe's initial product was a prediction market).

3. Trust the process when things feel ambiguous.

ECOSYSTEM

2



FUELARTS ♦ KEY NUMBERS_

In the first half of 2023, an impressive **115** new startups, representing a **13%** increase, joined the existing ecosystem of **872** Art+Tech & NFT startups that had received funding between 2000 and 2022.

During this period, a total of **132** startups secured funding, 17 of which (**13%**) had previously received funding up until 2023.

Out of the **132** startups, **33** are currently harnessing the power of AI technologies in their products, making up **25%** of the total. However, in terms of monetary investments, AI-based startups accounted for a substantial **41.2%** of the cumulative funding across all funded startups.

Interestingly, only **4** out of the startups that secured funding both in H1 2023 and prior to 2023 are integrating AI technologies into their operations, representing **24%** of the cohort. The remaining **13** startups, making up **76%**, are not currently utilizing AI.

Presently, the Art+Tech & NFT ecosystem encompasses a total of **987** startups:

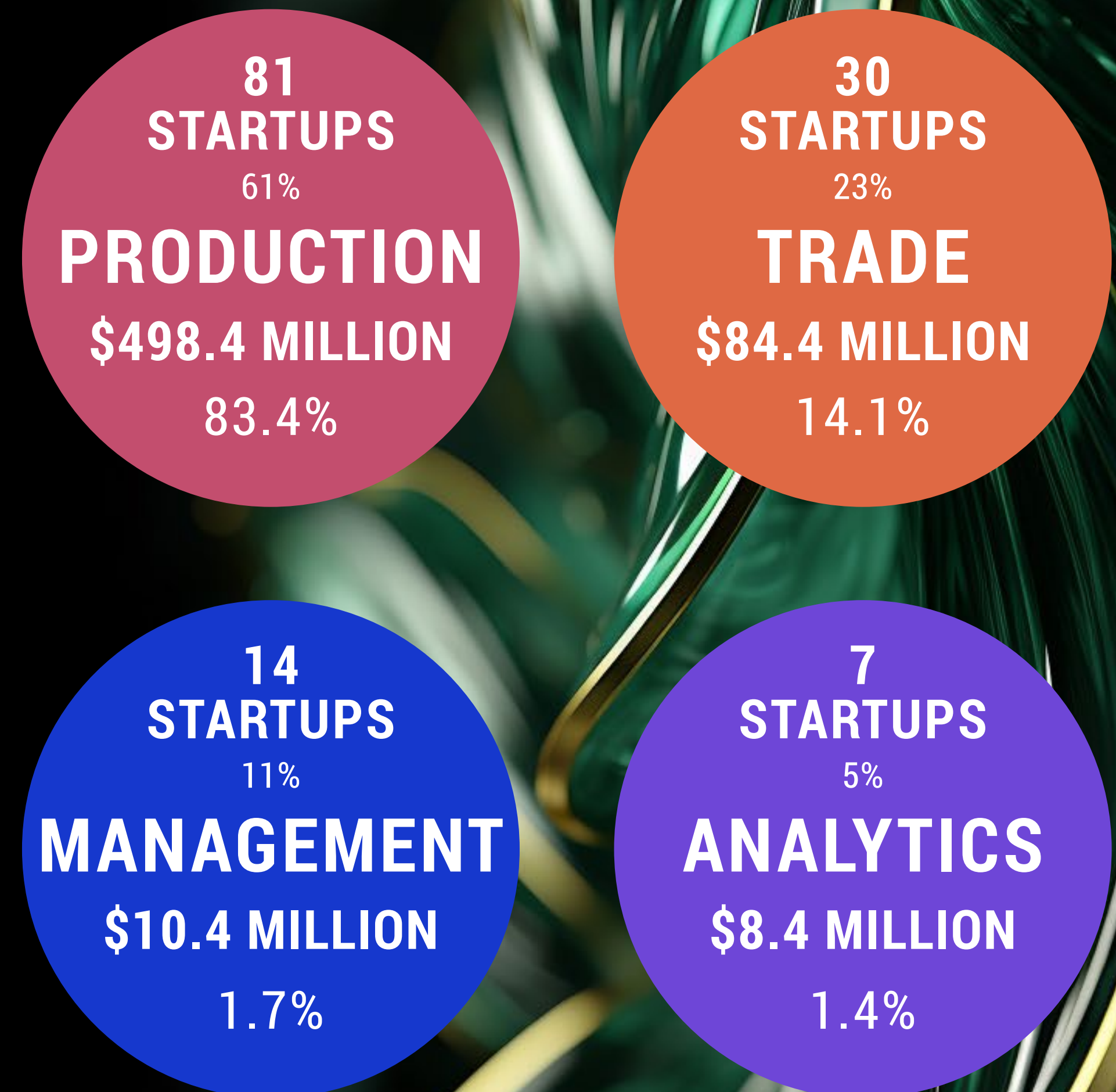
- **327** startups (**33%**) cater to the 'Traditional' (Non-Digital) Art+Tech market.
- **660** startups (**67%**) cater to the Digital & NFT Art+Tech market.

All startups that received funding in the first half of 2023 were representative of the Digital & NFT sector.

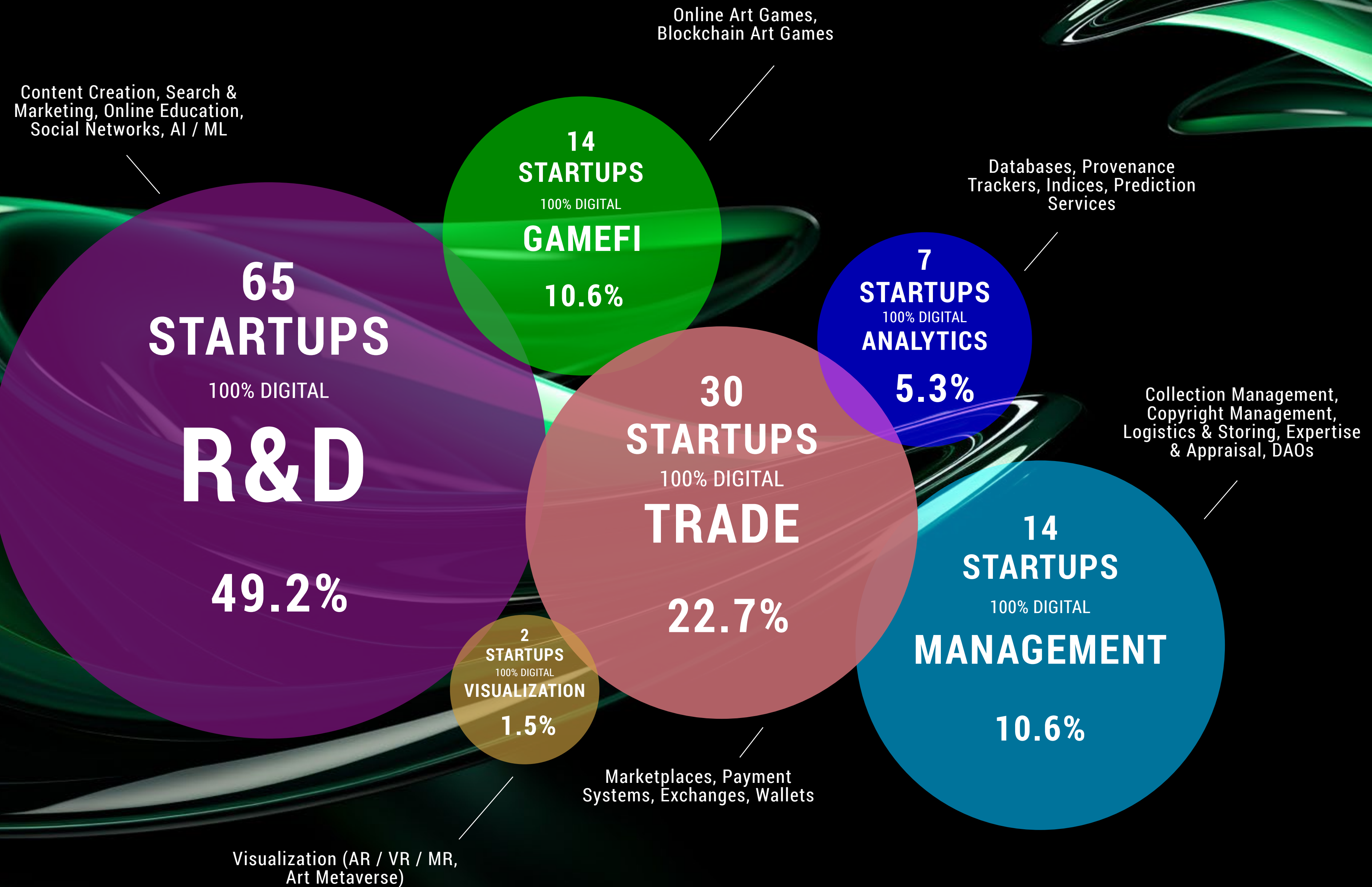
In H1 2023, a cumulative funding of **\$601.6** million was channeled to **132** Art+Tech startups, distributed across various sectors as follows:

- **Production** (R&D, GameFi, Visualization): **\$498.4** million (83.4%)
(In 2022 – \$2.51 billion, 72.1%)
- **Trade**: **\$84.4** million (14.1%)
(In 2022 – \$577.3 million, 16.6%)
- **Management**: **\$10.4** million (1.7%)
(In 2022 – \$250.9 million, 7.2%)
- **Analytics**: **\$8.4** million (1.4%)
(In 2022 – \$142.2 million, 4.1%)

ART+TECH STARTUPS VALUE CHAIN



FUELARTS ♦ STARTUP UNIVERSE



FUELARTS ♦ INVESTMENTS BY SEGMENTS

RATE	STARTUP	FOUNDED	COUNTRY	FUNDING IN H1 2022	TOTAL FUNDING
1	LAYERZERO LABS	2021	USA	120,000,000	293,299,986
2	TYPEFACE	2022	USA	100,000,000	165,000,000
3	SYNTHESIA	2017	UK	90,000,000	156,600,000
4	STABILITY AI	2019	UK	25,000,000	123,797,885
5	SUPERPLASTIC	2017	USA	20,000,000	67,000,000

*All figures are in US\$

RATE	STARTUP	FOUNDED	COUNTRY	FUNDING IN H1 2022	TOTAL FUNDING
1	INTELLA X	2022	Singapore	12,000,000	12,000,000
2	DEGAME	2021	Singapore	6,500,000	10,200,000
3	TEAHOUSE FINANCE	2021	Taiwan (China)	5,000,000	5,000,000
4	PASSION PUNCH	2020	Turkey	4,000,000	4,000,000
5	MY NFT WARS	2021	Ukraine	2,000,000	2,000,000

*All figures are in US\$

RATE	STARTUP	FOUNDED	COUNTRY	FUNDING IN H1 2022	TOTAL FUNDING
1	HELIKA	2022	Canada	4,000,000	4,473,641
2	NFTGO	2021	Singapore	4,000,000	10,850,000
3	RISKBLOQ	2022	South Africa	250,000	250,000
4	PREDICTIVE TECHNOLOGY SYSTEMS	2017	USA	120,293	745,293

*All figures are in US\$

\$442.3
MILLION

R&D

78.2%

\$0.03
MILLION
VISUALIZATION

0.004%

\$31.1
MILLION

GAMEFI

5.2%

\$84.4
MILLION
TRADE

14.1%

\$8.4
MILLION
ANALYTICS

1.4%

\$10.8
MILLION
MANAGEMENT

1.7%

51
STARTUPS
NON-TRANSPARENT

39% OF TOTAL QUANTITY

RATE	STARTUP	FOUNDED	COUNTRY	FUNDING IN H1 2022	TOTAL FUNDING
1	NFT EXHIBITION SPACE	2023	UK	25,000	25,000

*All figures are in US\$

RATE	STARTUP	FOUNDED	COUNTRY	FUNDING IN H1 2022	TOTAL FUNDING
1	OPENSEA	2017	USA	\$427,220,000	\$427,220,000
2	MAGIC EDEN	2021	USA	\$157,000,000	\$159,500,000
3	BLUR	2022	Decentral	\$11,000,000	\$11,000,000
4	LACOLLECTION	2021	France	\$9,977,420	\$10,377,420
5	QUANTUM ART	2019	USA	\$7,500,000	\$8,500,000

*All figures are in US\$

RATE	STARTUP	FOUNDED	COUNTRY	FUNDING IN H1 2022	TOTAL FUNDING
1	FUNGIFY	2022	USA	6,000,000	6,000,000
2	NOVA	2022	USA	2,400,000	2,400,000
3	KAIROS LOAN	2021	Decentral	1,000,000	1,000,000
4	MOMINT	2021	South Africa	600,000	1,550,000
5	NINJALERTS	2021	Decentral	150,000	150,000

*All figures are in US\$

FUELARTS ♦ GEOGRAPHICAL SPREAD

Nº	COUNTRY	STARTUPS	FUNDING	% OF TOTAL FUNDING
1	USA	46	374,735,289	62.3
2	UK	12	129,619,413	21.6
3	Singapore	8	32,750,000	5.4
4	Canada	3	12,188,353	2.0
5	Decentral	14	8,292,672	1.4
6	France	3	7,524,081	1.3
7	China (Mainland)	2	7,267,653	1.2
8	Germany	4	6,182,429	1.0
9	Taiwan (China)	1	5,000,000	0.8
10	Hong Kong (China)	4	4,050,000	0.7
11	Turkey	3	4,000,000	0.7
12	Ukraine	1	2,000,000	0.3
13	Italy	2	1,549,589	0.3
14	Japan	4	1,485,613	0.2
15	Switzerland	4	1,249,752	0.2
16	India	3	1,100,000	0.2
17	UAE	4	1,000,000	0.2
18	South Africa	2	850,000	0.1
19	Romania	1	450,000	0.1
20	Portugal	1	183,981	0.03

*All figures are in US\$

REGION	STARTUPS	FUNDING	AVG FUNDING	% OF TOTAL FUNDING
North America	49	386,923,642	7,896,401	67.1
Europe	32	148,759,245	4,648,726	24.7
Asia & Oceania	26	51,653,266	1,986,664	8.6
Decentral	14	8,292,672	592,334	1.4
Middle East	8	5,000,000	625,000	0.8
Africa	2	850,000	425,000	0.1
South America	1	100,000	100,000	0.02

*All figures are in US\$

49 STARTUPS
37%
NORTH AMERICA
\$386.9 MILLION
64.3%

32 STARTUPS
24%
EUROPE
\$123.8 MILLION
24.7%

8 STARTUPS
6%
MIDDLE EAST
\$5.0 MILLION
0.8%

26 STARTUPS
20%
ASIA & OCEANIA
\$51.7 MILLION
8.6%

2 STARTUPS
2%
AFRICA
\$0.9 MILLION
0.1%

1 STARTUP
1%
SOUTH AMERICA
\$0.1 MILLION
0.02%

14 STARTUPS
11%
DECENTRAL
\$8.3 MILLION
1.4%

FUELARTS ♦ H1 2023 IN REVIEW

- During the first half of 2023, a total of **132** Art+Tech startups successfully secured funding. Out of these, **17** startups (**13%**) had previously received funding prior to 2023.
- The combined funding for these **132** Art+Tech startups in the first half of 2023 amounted to **\$601.6** million, accounting for **47.2%** of the total funding received by these startups since their inception.
- The cumulative funding of **\$601.6** million in the first half of 2023 is **32%** lower than the combined funding Art+Tech startups received in the second half of 2022 (**\$879** million) and **77%** lower than the cumulative funding in the first half of 2022 (**\$2.6** billion).
- All 132 startups are involved in the **Digital Art & NFT Market**. The only exception is Superplastic, previously listed in the «Physical» Art Market, which introduced its NFTs in early 2023.
- **Non-AI** Art+Tech startups secured **\$353.8** million (**58.8%** of the total funding), whereas startups utilizing **AI** technologies received **\$247.8** million (**41.2%**).
- Among the various categories, R&D (content production) startups attracted the highest number of investments in the first half of 2023, totaling **\$467.3** million across **65** companies. Trade-focused startups received **\$84.4** million across **30** companies. GameFi (**\$31.1** million, **14** companies), Management (**\$10.4** million, **14** companies), Analytics (**\$8.4** million, **7** companies), and Visualization startups (**\$0.03** million, **2** companies) received comparatively fewer investments.
- The combined funding for the top **5** Art+Tech startups in the first half of 2023 constitutes **62%** of the total funding secured by all 132 startups.
- Among the countries with incorporated Art+Tech startups receiving investments in the first half of 2023, the United States leads with **49** companies. The United Kingdom follows in second place with **12** companies, and Singapore takes third place with **8** companies.
- Art+Tech startups founded in 2023 collectively received **\$16.1** million in funding, contributing to **2.7%** of the total H1 2023 funding for all companies in this sector, regardless of their founding year.
- The Art+Tech startups that received the highest investments in the first half of 2023 are in Series B (**3** companies, **\$227.3** million), followed by **62** companies in the Seed stage (**\$769.5** million) and **4** companies in Series B (**\$385.0** million).
- Startups with the highest overall funding are in Series B (3 companies, \$468.4 million), Series A (10 companies, \$230.9 million), and the Seed stage (62 companies, \$210.5 million).
- Among the 132 companies, **51** companies have not disclosed any information about their financial sources. Consequently, the current level of investment «transparency» in this market stands at **61%**, which is lower than the **89%** recorded in 2022.

MARKET	FUNDING IN H1 2023	MARKET %	STARTUPS	INVESTMENTS MADE	TOTAL FUNDING, ALL YEARS	% OF FUNDING IN H1 2023	TRANSPARENCY, %	FUNDING – STARTUPS, FOUNDED IN H1 2023	STARTUPS, FOUNDED IN 2023, %
Total	601,578,825	100	132	319	1,274,269,883	47.2	61	16,098,204	2.8
Non-AI	353,824,552	58.8	99	218	764,939,604	46.3	68	8,648,205	2.4
AI	247,754,273	41.2	33	101	509,330,279	48.6	42	7,449,999	3.3

RANK	STARTUP	MARKET	SEGMENT	COUNTRY	FOUNDING YEAR	INVESTMENTS IN H1 2022	TOTAL INVESTMENTS	STAGE
1	LayerZero Labs	Non-AI	R&D	USA	2021	120,000,000	293,299,986	Series B
2	Typeface	AI	R&D	USA	2022	100,000,000	165,000,000	Series B
3	Synthesia	AI	R&D	UK	2017	90,000,000	156,600,000	Series C
4	Candy Digital	Non-AI	Trade	USA	2021	38,449,997	138,449,997	Series A
5	Stability AI	AI	R&D	UK	2019	25,000,000	123,797,885	Convertible Note
6	Superplastic	Non-AI	R&D	USA	2017	20,000,000	67,000,000	Series A
7	Haiper	AI	Trade	UK	2021	13,750,000	19,150,000	Seed
8	Intella X	Non-AI	GameFi	Singapore	2022	12,000,000	12,000,000	Seed
9	SYKY	Non-AI	R&D	USA	2022	10,500,000	10,500,000	Series A
10	Spatial Labs	Non-AI	R&D	USA	2020	10,000,000	14,000,000	Seed
11	TreasureLand	Non-AI	Trade	USA	2021	10,000,000	10,000,000	Angel
12	Pudgy Penguins	Non-AI	R&D	USA	2021	9,000,000	9,000,000	Seed
13	Peggy	Non-AI	Trade	Canada	2020	8,065,148	8,065,148	Seed
14	Sortium	Non-AI	R&D	USA	2021	7,750,000	7,750,000	Seed
15	Huanzang art	Non-AI	R&D	China (Mainland)	2022	7,267,653	10,096,817	Series B
16	Degame	Non-AI	GameFi	Singapore	2021	6,500,000	10,200,000	Series A
17	Coresky	Non-AI	Trade	USA	2023	6,000,000	6,000,000	Pre-Seed
18	Fungify	Non-AI	Management	USA	2022	6,000,000	6,000,000	Seed
19	HUG	Non-AI	Trade	USA	2022	5,000,000	5,000,000	Seed
20	Nefta	Non-AI	R&D	Germany	2021	5,000,000	5,000,000	Seed

FUEL ARTS ♦ CASE STUDY #3_

As someone immersed in the Art+Tech sector for more than a decade, how would you characterize the industry's evolution and the transformative shifts it has undergone?

It's hard to even imagine this anymore, but when I started Collectrium 15 years ago, you could not even take a picture with your phone at an art fair or a gallery. It was a big no-no. You would get very sternly reprimanded. Oh, and most phones were Blackberries. How far we've come since then!

So, the main and largest transformative shift in the art industry over the last 15 years has been digitization and the industry's acceptance of all of its uses: for art marketing and distribution, for art logistics, and most recently with Web3 and AI, also for art production.

Over 75% of all physical art transactions now have a digital component during the sales process. Web3 has catalyzed digital art creation and dramatically expanded art collecting audiences. Major consumer and fashion brands have been accelerating the adoption of crypto art through partnerships with digital artists, continuing to blur the lines between fine art and consumer art. The art industry transformation over the last 15 years spurred by digitization has been staggering.

In 2015, Collectrium, your first Art+Tech startup, was successfully acquired by Christie's, making it the most significant acquisition in its time. Can you share the behind-the-scenes story of this deal? Furthermore, considering your experience, do you still believe that acquisition is the optimal exit strategy for Art+Tech startups?

We built Collectrium into the world's largest online collection management platforms of its time through partnerships with key art ecosystem players: art logistics companies, financial institutions, art insurance companies, and auction houses. Christie's was a Collectrium customer first, and then they were attracted to Collectrium's potential to help amplify their already world-class customer relationship management capabilities. Eventually, after some time using the platform, they decided to make Collectrium part of their product portfolio.

As for the optimal exit strategy for an Art+Tech startup, it very much depends on the nature of the startup's business. Some tech startups are essentially an innovative "feature" that would well complement an established legacy business – for example, authentication tech, condition reporting tech, or some special methods of art production, such as VR. Other tech startups are platforms that have a potential to disrupt the existing business models. They are usually built around a disruptive technology. Currently we have not just one but at least three disruptive technologies that are making their way to mainstream adoption by the art market at the same time: Web3, AI, and Big Data. The chances of this tech potion to sprout an art market force of the Christie's/Sotheby's caliber are quite high.

What motivated you to step away from the Art+Tech sector shortly after Collectrium's acquisition, and what influenced your decision to return in 2020?

I love art, but I also love trucks! No, really, I do. And connecting art to collectors is not

that different from connecting shippers to carriers – which is what the company I had co-founded after Collectrium (Carggo, now known as greenscreens.ai) does. The tech too has a lot in common: predictive freight pricing uses AI and machine learning in much the same way that predictive art pricing is used to compute the LiveArt Estimate for any artwork offered for sale.

Generally, in selecting a business idea to pursue, I gravitate toward difficult problems that lie within my sphere of interests. I am a physicist by training (went to MIT for electrical engineering), and my mind gets a dopamine hit from problem solving. Be that Art+Tech, freight transportation, gaming, or crypto – if the business opportunity is large, the technical and business problems are challenging, and I am personally passionate about it, then it's an ideal place from which to evolve a startup.

As for what brought me back to Art+Tech – it was Web3. A few years ago, I started to realize that Web3 was beginning to transform the art market in a fundamental way: changing how art is created, how it is sold, and how it is distributed and consumed. With Web3 revolutionizing the art market in such a drastic way, it's an exciting time to be building in this space.

After your return, you co-founded global fine art platform LiveArt. The platform offers 3 main products: LiveArt Market Analytics, LiveArt Trading Floor and LiveArt NFT. Could you please provide an overview of each of these products and their significance in the art industry?

LiveArt Market Analytics is used by over 100,000 art collectors worldwide, providing live market data and intelligence for the art market. It has become the art industry's authoritative source for art market data. We are now working on applying our AI analytics technology to digital art, so that collectors can have a holistic view on the value of the art holdings across physical and digital art.

LiveArt Trading Floor is a decentralized peer-to-peer art platform that supports trading from anywhere in the world. Our proprietary technology enables private negotiations, secure payments, and logistical support to give collectors the trust and confidence to transact.

LiveArt NFT is uniquely positioned to bring Web3 projects by blue-chip traditional artists and top crypto & digital artists to audiences worldwide. Through our intimate knowledge of the art market, unique access to high-quality traditional & digital art, and strong curation, LiveArt creates the highest quality collecting experience powered by blockchain technology and AI.

What significant milestones or accomplishments have you reached in the past three years since the inception of LiveArt?

TOP ARTISTS: We have worked with some of the top-100 artists in the world, and we successfully brought them to global Web3 audiences.

GLOBAL AUDIENCE: LiveArt global community of physical and digital art buyers has grown to over 600,000 and continues to rapidly expand.



BORIS PEVZNER

Co-Founder & CEO
of LiveArt

FUELARTS ♦ CASE STUDY #3_

AUTHORITATIVE MARKET DATA: The LiveArt mobile app has become the premier authoritative source for art market data, delivering art market information and AI-generated insights to over 100,000 users.

GREAT BACKERS: LiveArt is backed by some of the world's most renowned Web3 investors, including Binance Labs, Animoca Brands, OKX, KuKoin, Hashkey, and AppWorks.

What makes LiveArt stand out among other art platforms?

We work with the world's top traditional artists and bring them to Web3. Through our

longstanding relationships with the top art galleries and auction houses, we have unparalleled access to the art world. We are the authoritative source of art market data. We have an extensive curatorial network that consists of experts excelling in one or more following categories: traditional fine art, crypto & digital art, generative art, digital fashion, collectibles, and the metaverse. We have a global community of over 600,000 digital art collectors, as well as a growing distribution network of institutional buyers. And most importantly, all our projects sell out!

All of this adds up to a unique and compelling value proposition for artists – which is why

a growing number of the world's top artists choose LiveArt to launch their Web3 projects.

LiveArt recently secured \$5 million in investments through a private token offering in 2022, involving 13 investors. Given the challenging market conditions, could you shed some light on the difficulties faced while raising capital during a bear market?

There is still plenty of capital chasing quality projects that show good traction. With our track record of success, we were able to attract some of the world's top Web3 investors: this round was led by Binance Labs and Animoca Brands, with Hashkey,

AppWorks, OKX Ventures, KuKoin Labs, ByBit, Gate.io also participating.

I viewed this capital raise as an opportunity to build a distribution network in the countries and regions with the fastest growing Web3 adoption – China, Singapore, Taiwan, Korea, Japan, Vietnam, Turkey, Indonesia – to complement our already existing buyer base in Europe and the Americas. Given the high demand for the round, we were able to select the “best bang for the (crypto) buck” investors who can add substantial value to our business.

What is your perspective on the integration and acceptance of Web3 technology within the art community and the broader art world?

Web3 technology has created a way for digital art to become a viable medium for art production. Artists have been wanting to explore the creative possibilities of digital medium for a long time, and through the magic of blockchain and smart contracts they now can create digital art that has the same uniqueness and ownership characteristics that physical art does. This is opening up an avalanche of creative opportunities for artists. With this comes increasingly widespread adoption, a rapidly growing digital art collector community, and commercial success. This future is now, and we at LiveArt are at the forefront of helping to create it.

**AI ART+TECH
UNIVERSE**

3



FUELARTS ♦ AI IN ART+TECH

WHAT IS AI?

Over the past few decades, various definitions of Artificial Intelligence (AI) have emerged. One notable definition comes from John McCarthy, who stated in a 2004 paper that AI is «the science and engineering of making intelligent machines, especially intelligent computer programs. It is related to the similar task of using computers to understand human intelligence, but AI does not have to confine itself to methods that are biologically observable».

This definition, in particular, provides a clear understanding that AI holds both an academic significance (as a science) and a practical implementation (as engineering). For the purposes of this article, we will focus on the practical aspect.

AI OR ML?

The terms «Artificial Intelligence» (AI) and «Machine Learning» (ML) are often used interchangeably, which can lead to confusion in understanding their fundamental differences. In essence, Artificial Intelligence refers to the broader concept of creating machines that can simulate human intelligence. It refers to a wide range of techniques and algorithms used to solve complex problems.

On the other hand, Machine Learning is a subset of AI that has a more specific focus. It is concerned with enabling machines to learn from data without explicit programming. By allowing machines to learn and adapt from the provided data, their performance improves over time.

WHAT IS AI IN ART+TECH?

AI, in relation to Art+Tech, is a tool that aids in the production, trade, management, and analysis of artistic and collectible assets through the use of artificial intelligence. An AI Art+Tech startup refers to a young company that specializes in providing innovative products and services in the field of artificial intelligence with a particular focus on the art sector. The AI technologies used by the startups could be either selfdeveloped or acquired/implemented through SaaS decision support.

Some prominent examples of startups in this domain include Midjourney (production), Art Blocks (trade), ARTBnk (management), and Limna (analytics). To better grasp AI's applications in the Art+Tech sector, let's delve into the history of AI.

HISTORY OF AI

The beginning of the artificial intelligence conversation can be traced back to Alan Turing's influential work, «Computing Machinery and Intelligence», published in 1950. In this paper, Turing, often referred to as the «father of computer science», posed the question, «Can machines think?» He then proposed the famous «Turing Test,» in which a human interrogator attempts to distinguish between a computer and a human based on their text responses.

While this test has been heavily debated since its introduction, it remains an essential part of AI's history.

The term «AI» is attributed to John McCarthy of MIT, who defined it as computer programs performing tasks that require high-level mental processes typically performed by humans. The 1956 Dartmouth College conference is considered the founding event of AI.

Although AI showed promise, interest waned in the early 1960s (the cosmic era has started and gained all the attention for the next decade). The release of micro-processors in the late 1970s marked a resurgence in AI, particularly with the advent of expert systems. The enthusiasm declined again in the late 1980s and early 1990s due to the complexity and cost of programming and maintenance.

AI experienced a revival around 2010, thanks to the availability of massive datasets and the discovery of the high efficiency of graphic card processors for learning algorithms. These advancements led to significant public successes, such as IBM's Watson winning Jeopardy and Google's AI recognizing objects in images and videos. The shift from expert systems to deep learning brought about a paradigm change in AI. Instead of being explicitly programmed with rules, computers started discovering patterns and rules through correlation and classification based on vast amounts of data.

Deep learning, particularly through neural networks, showed promising results in voice and image recognition, although challenges remain in text understanding and context analysis. Overall, AI has come a long way since its inception, with technology and research continually evolving to unlock its potential in various applications. The release of ChatGPT in November 2022 seems to mark a turning point (as it happened with digital art in 1990 with the release of Photoshop). OpenAI's chatbot, powered by its latest large language model, can edit texts, produce poems and craft essays that closely resemble human creations.

The applications for this technology are growing daily, and we are only beginning to scratch the surface of its possibilities. Let's explore its applications in the art sector.

AI APPLICATIONS IN ARTS

AI plays a pivotal role in the art sector, with two major applications. Firstly, artificial intelligence can assist in generating art. One of the earliest AI art programs, called AARON, was developed by Harold Cohen in 1968 with the aim of coding the act of drawing. It started by creating simple black and white drawings.

AARON cannot autonomously learn new styles or imagery; each new capability must be manually coded by Cohen. Nonetheless, it excels in generating a practically infinite supply of distinct images in its unique style. These images have been showcased in galleries worldwide, demonstrating the extraordinary artistic prowess of AARON. In fact, AARON's artwork has been employed as an artistic equivalent of the Turing test.

Various types of AI models used for generating art include:

- Generative adversarial network (GAN): multiple neural networks work together in a GAN to conduct deep learning operations and predict or generate the desired output based on the given prompt.
- Convolutional neural network (CNN): employing a CNN, the deep learning model identifies objects, which can then be useful for generating new images. In 2015, Google introduced DeepDream, an experimental approach to AI art that utilized a convolutional neural network, further advancing the field.
- Neural Style Transfer (NST): NST is a deep learning technique that allows the transfer of the style of one image to another. It can be used to create AI art in the style of famous artists like Van Gogh.

The second major application of AI into the arts sector is in arts categorization and analysis. AI has enabled large-scale digitization of artworks, which has opened up new research perspectives for analyzing art. Close reading and distant viewing are two typical methods used for this purpose. Close Reading is the method which focuses on specific visual aspects of individual pieces of art. It includes tasks like computational artist authentication, analysis of brushstrokes, or texture properties.

Distant Viewing is the method that involves analyzing entire collections of art to statistically visualize similarities for specific features. It includes tasks like automatic classification, object detection, knowledge discovery in art history, and computational aesthetics.

Great example of this application of AI is the Art Genome Project, first introduced by Artsy in 2012. The Art Genome Project is a classification system and technological framework that powers Artsy. The project consists of two main parts: (1) conceptualizing and defining specific characteristics, hereafter referred to as «genes», (2) implementing these genes to profile artists and artworks, thereby creating «genomes» for both. The director of the Art Genome Project Matthew Israel describes the project in the following matter: «Traditional art object classification systems really have focused on the specific details of objects (dimensions, medium, provenance) and one subject heading, however The Art Genome Project – while we capture all of these more specific details – is focused much more on what is going on in the work and in an artist's practice. It's more like what one would lecture about to educate someone about an artist or artwork».

One of the recent examples of AI application in art analysis is a project led by scientists at Case Western Reserve University. The team's research demonstrates the successful application of artificial intelligence (AI) through machine learning analysis of small sections of topographical scans of paintings. Remarkably, this method achieved an impressive 96% accuracy in correctly attributing the works to their respective artists.

This innovative technology not only holds the potential to identify which artists were responsible for specific areas within a painting, particularly when multiple artists were involved, but also to discern authentic works from forgeries. The ability to analyze intricate details through AI-powered topographical scans promises to revolutionize the field of provenance and art authentication.

GENERATIVE ART

AI-generated art, often referred to as generative art, was first coined as a term in 1965 by Georg Nees in the context of computer-generated art. The term made its debut in Nees' exhibition titled "Generative Computergraphik" in Stuttgart during the same year. In 1969, Nees wrote the first PhD thesis on computer art, adopting the same title as his exhibition. This thesis became widely consulted by the community of computer art enthusiasts, firmly associating the words "generative" and "computer".

According to a 2009 article by Margaret Boden and Ernest Edmonds, generative art should not be exclusively linked to computer-based creations. They argue that some rule-based art doesn't fit the definition of generative art. The authors introduce a technical vocabulary to encompass various forms of art, such as Ele-art (electronic art), C-art (computer art), D-art (digital art), CA-art (computer-assisted art), G-art (generative art), CG-art (computer-based generative art), Evo-art (evolutionary-based art), R-art

(robotic art), I-art (interactive art), CI-art (computer-based interactive art), and VR-art (virtual reality art).

Today there are numerous AI image generator tools available, each harnessing the power of artificial intelligence to create artworks. Some of these tools include: Adobe Firefly, Artbreeder, Dall-E, Deep Dream Generator, DreamStudio, Midjourney, Playform, and Stable Diffusion.

ETHICAL CONSIDERATIONS AROUND AI

The integration of AI technology into various domains including arts, raises valid concerns and ethical considerations. Some of the key issues and debates surrounding AI in the context of art and creativity are around creativity and originality. The concept of creativity and originality has been predominantly associated with human thought processes and imagination. While AI can produce impressive imitations of artistic styles, some argue that true creativity involves emotions, consciousness, and unique human experiences that machines lack.

Another set of concerns are around topics of intellectual property and copyright. If an AI system generates a piece of art that closely resembles the style of a known artist, it may raise copyright concerns. Questions about who owns the rights to AI-generated art and whether AI can infringe upon existing copyright laws remain unresolved.

AI might majorly impact the art market and its employment. The integration of AI in art authentication may influence the art market and traditional roles within the art world, potentially affecting art experts, conservators, and other art professionals.

Overall, AI has made a profound impact on the art world, ranging from generating new art pieces to analyzing existing collections and offering fresh insights into artistic styles and influences. However, amidst the value chains of Art+Tech, the Trade segment remains notably underrepresented in terms of AI integration. In other words, while AI is already contributing to the creation (generation) of art, management (authentication / decision-making support), and analysis (aggregation of big data and generating trading signals) of cultural assets, it still falls short in adequately substituting human salespersons in the trading process. Nevertheless, it is noteworthy that several art marketplaces are currently developing AI-based chatbots for storytelling and round-the-clock communication with collectors.

An important note: As of now, human collectors still hold the main role in the art market. But the rapid advancements in AI and its increasing integration within the Art+Tech domain suggest that this landscape could undergo transformative changes in the near future.

FUELA.RTS ♦ KEY METRICS OF THE TOP 6 AI ART GENERATORS

For the purpose of this report, we conducted a benchmarking analysis on the top six AI image generators, comparing key metrics. Specifically, we conducted separate comparisons of investments in parent companies and the average number of service users in the first half of 2023.

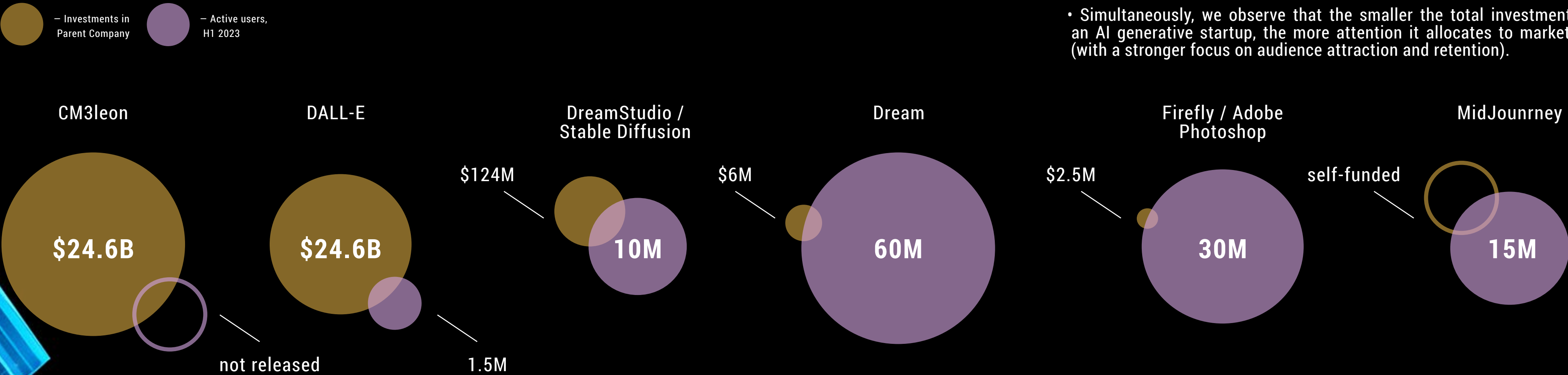
Interestingly, we found a negative correlation at the end, with a value of -0.53.

A correlation coefficient of -0.53 indicates a moderate negative linear relationship between two variables. This means that as one variable increases, the other tends to decrease, and vice versa.

NB: Correlation does not imply causation. Just because two variables are correlated does not necessarily mean that changes in one variable cause changes in the other. Other factors and underlying mechanisms might be at play.

This approach cannot be considered exhaustive, as the market is still in its developmental stage, and major players are still adjusting to user preferences and refining their marketing strategies. However, a few cautious assumptions can be drawn:

- The larger the parent company, the less emphasis it might place on developing certain areas (particularly since, in comparison to text chat bots, art is not yet a priority).
- Simultaneously, we observe that the smaller the total investment of an AI generative startup, the more attention it allocates to marketing (with a stronger focus on audience attraction and retention).

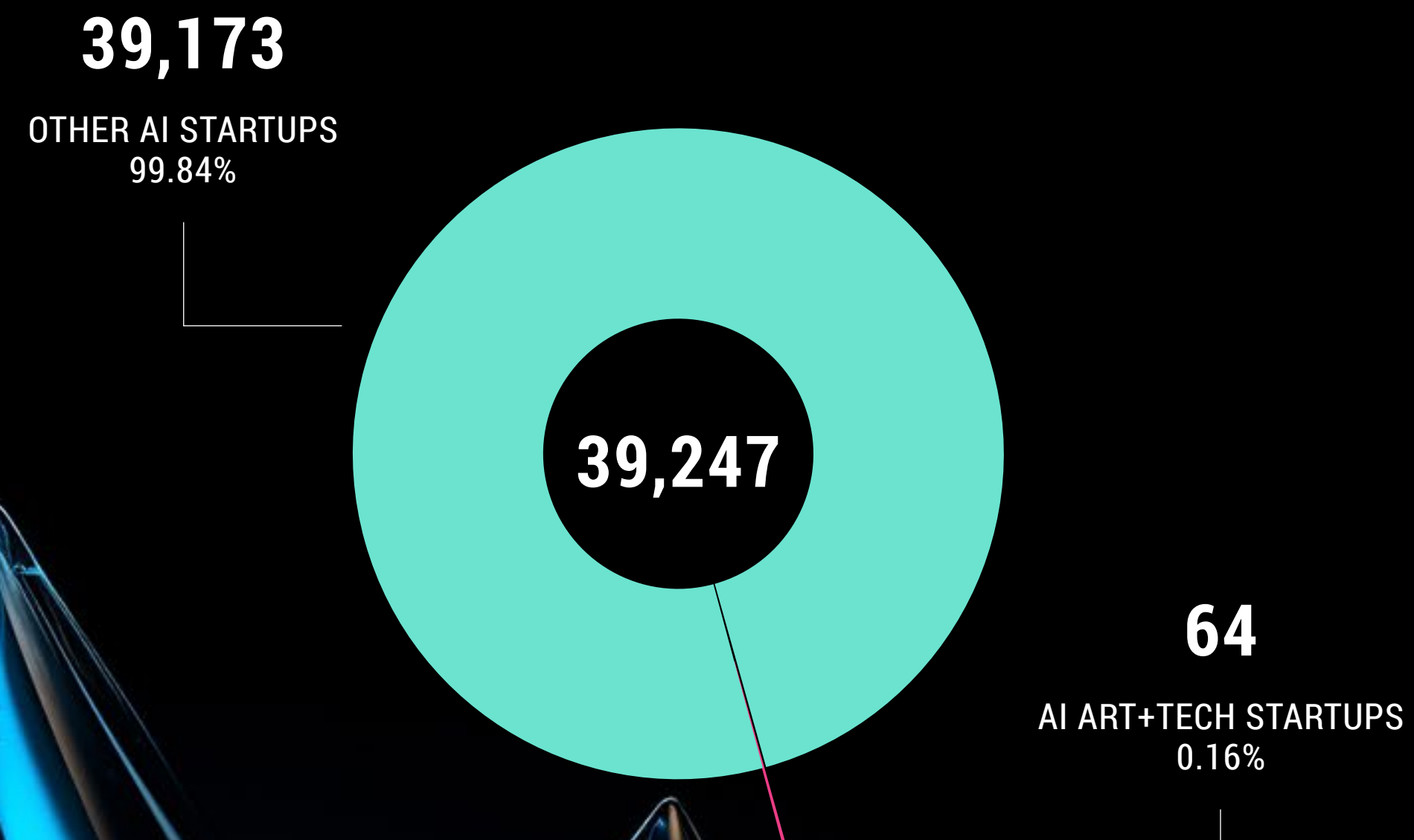


AI GENERATOR'S NAME	PARENT COMPANY	STATUS	INVESTMENTS IN PARENT COMPANY	YEAR OF CREATION	VISITORS (JUNE 2023)	AVG ACTIVE USERS, H1 2023	ARTWORKS GENERATED SINCE LAUNCH
CM3leon	Meta	Public	\$24,600,000,000	2004	3M	not yet released	not yet released
DALL-E	OpenAI	Private	\$11,300,000,000	2015	15.4M	1.5M	916M
DreamStudio / Stable Diffusion	Stability AI	Private	\$123,797,885	2019	2.7M	10M	619M
Dream	WOMBO	Private	\$6,000,000	2020	0.3M	60M	1.5B
Firefly / Adobe Photoshop	Adobe	Public	\$2,500,000	1982	262M	30M	1B
MidJourney	MidJourney	Private	Self-Funded / Bootstrap	2022	26.8M	15M	964M

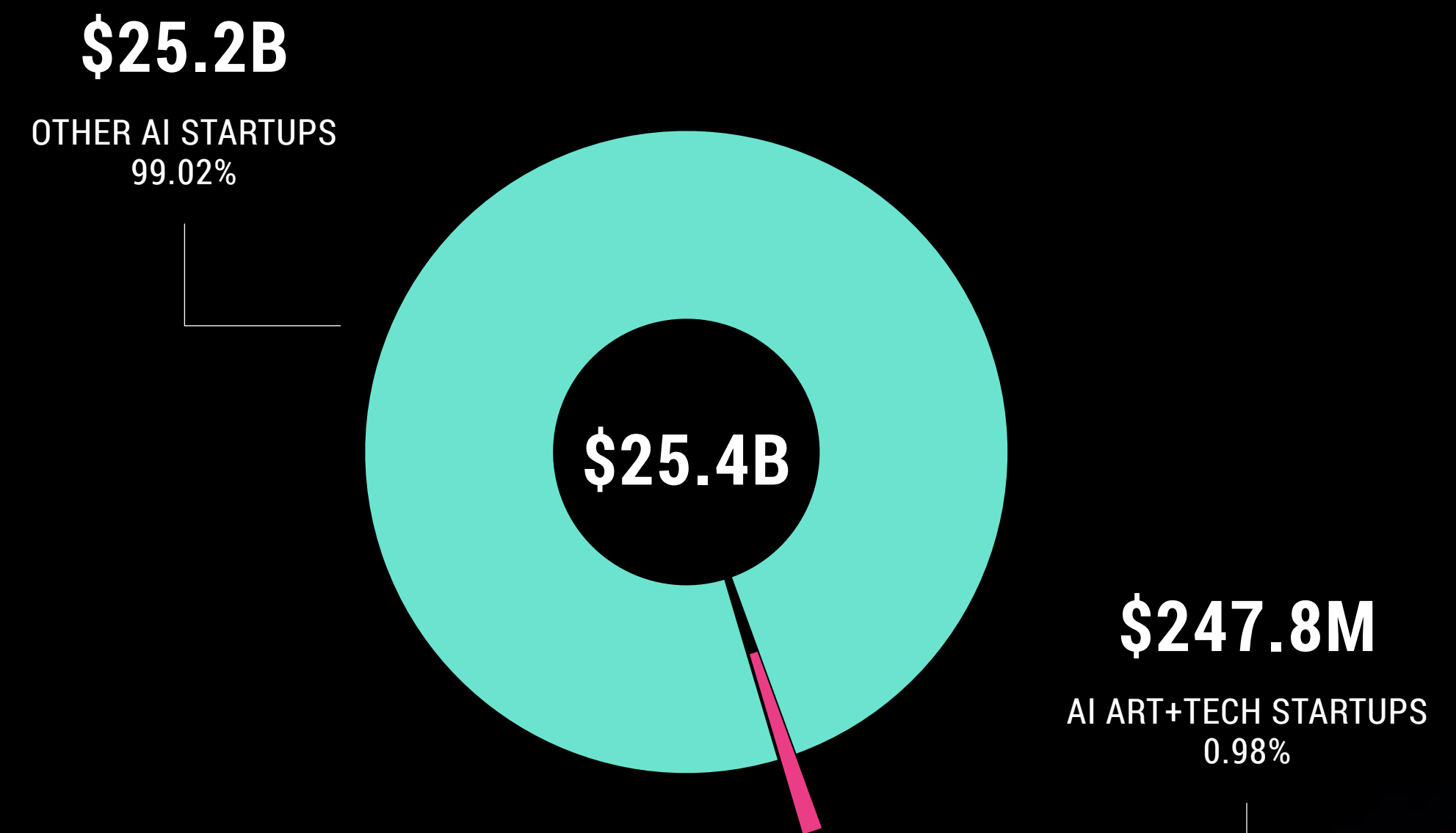
Sources: Capgemini Research Institute, International Data Corporation (IDC), McKinsey & Company.

FUELARTS ♦ ALL AI VS. AI IN ART+TECH_

ALL AI STARTUPS, LISTED BY END OF H1 2023



ALL AI STARTUPS, FUNDED IN H1 2023



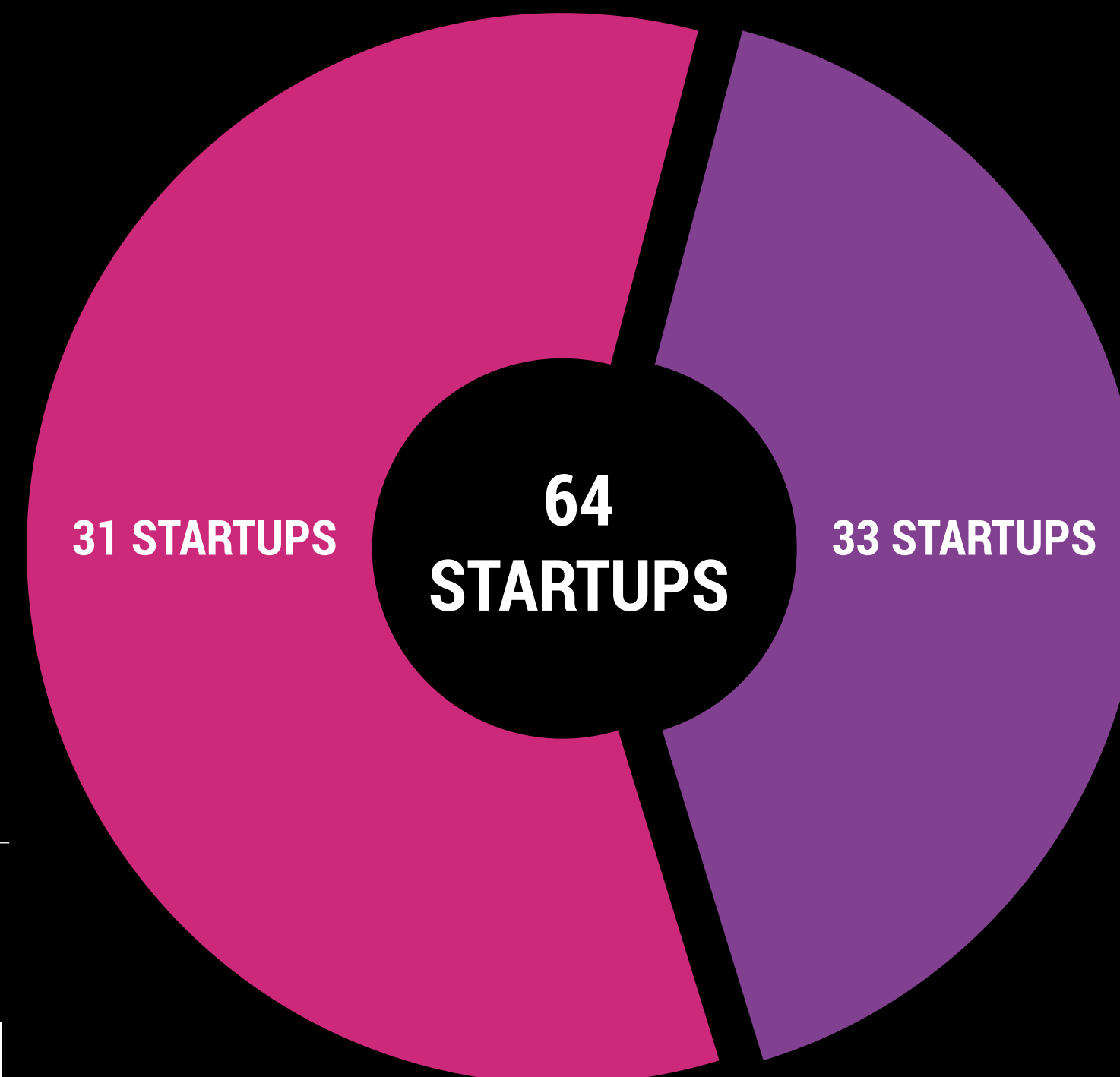
FUELARTS ♦ INVESTMENTS IN AI IN ART+TECH

\$669.9M

CUMULATIVE INVESTMENTS IN AI ART+TECH STARTUPS IN 2000-H12023

2000—2022
63%

\$422.1M



H1 2023
37%

\$247.8M

FUELARTS ♦ CASE STUDY #4

How do you personally define Artificial Intelligence?

SA: AI is technology that allows processing data and extracting actionable conclusions, while constantly learning and implementing to do it better.

RZ: For me, AI is the thing that will change everything that we do. Everything.

What is the mission of the Swiss AI Association, and how does it contribute to the AI landscape in Switzerland and worldwide?

SA: Uniting professional and business stakeholders, Swiss AI Association empowers them to unleash the potential and unlimited opportunities of innovation in AI. Switzerland has become a global center for Artificial Intelligence, both in academia and business. It offers a neutral marketplace and a collaborative tech ecosystem that fosters partnerships and produces high-level innovative products. Founded in 2020 and headquartered in Zurich, the Swiss AI Association is a growing global network of professionals interested in AI applications, cutting-edge academic research, business cases, investments, and access to a worldwide community of experts. To support its members, the association works to create favorable conditions and facilitate access to talent, new technologies, and financial resources by engaging in educational, cultural, and social events and activities around the world and creating curated collaborative opportunities for the community.

Can you explain the core activities and initiatives undertaken by the Swiss AI Association to promote artificial intelligence?

SA: The “core activities and initiatives” of the Swiss AI Association are periodic community-building events such as thematic hackathons and networking gatherings. We are also currently working on the AI certification program.

RZ: In addition to that, we consult companies and individuals in correct, trustworthy implementation of AI solutions.

Could you provide an overview of the Generative AI Hackathon and its significance in fostering innovation in the AI domain?

SA: We have organized several hackathons since the inception of the association back in 2020. The themes revolved mostly around ethics, responsibility, sustainability, and creative uses of AI. This allowed us to concentrate directly on the most important topics in AI at this point, as well as attract the most enthusiastic members around the world.

RZ: If AI changes everything, it will change the way we do and look at art as well. I think AI is not just some boring, statistical machine. It has a potential for creativity too.

Who were the participants in the Generative AI Hackathon, and what opportunities did it open for them in terms of learning, networking, and collaboration?

SA: Up until today, a few hundred participants were coming from a very diverse array of industries – from fintech to pharma, from raw materials extraction to agriculture, from consulting to retail. Community diversity in the applicability of AI is the true goal of the association while forming the international community. Participants of our hackathons not only enjoyed working on cutting-edge questions in AI but also meeting and working with other like-minded enthusiasts all over the world. A byproduct of hackathons is always a further human connection for all kinds of AI-relevant interactions, be that a professional collaboration or simply a personal relationship to discuss the latest happenings in the industry.

Considering the potential impact of AI in various fields, how do you envision this technology influencing the arts sector specifically?

SA: The perennial debate between human and AI art most probably will give rise to a more important school of thought – art made by humans and enhanced by AI. This brings back the memories of the famous case of Watson and Kasparov when after losing to the machine, the chess grand master decided to work together with the machine and could prove a benefit thereof.

It will also probably change the concept of what art is, and who can be an artist. The skills needed to be an AI artist can differ significantly from what we think of an artist today. And that is what interests me.

In your view, what constitutes AI art, and what criteria could be applied to determine whether a piece of art falls under this medium/category?

SA: Art is not my field of expertise; therefore, it is difficult to say anything that would be looked upon with professional credibility. And yet, AI art for me has a few fundamental characteristics: (1) it's art that makes humans feel and potentially even want to relive such feelings by interacting with it; (2) the art is created with the help of continuously evolving self-learning technology; (3) since the human is the “customer” of such art, there needs to be human oversight to ensure moral and ethical sides of the process are addressed.

RZ: In a discussion of how to judge AI art, we have gathered stakeholders from various domains and came up with the following list: Market Presence and Accessibility, Narrative Depth, Technological Mastery, Emotional Resonance, Conceptualization and Innovation, Brand Continuity, and Audience Expansion.

What are your thoughts on investments in the AI sector, and how do you believe they contribute to technological advancements and innovation?

SA: All investments in general should contribute to advancements and innovation, as each financial “security” is a promise to greater returns based on economies of scale, disruptive technologies, and innovation. The AI sector is the hottest investment topic now, as AI promises a rapid increase in the quality of data processing and resulting recommendations to act. One thing that might be still missing from the phenomenon of investing in AI is a better “navigation map” – very few organizations in the world are taking up the responsibility to help all other interested stakeholders to understand and orient better in the complexities of what AI has to offer, as well as weed out the fake and expose misrepresented AIs.

RZ: Investments are crucial. If you look at the recent list of “potential unicorns” in AI, they are mostly connected to LLMs, Vector Databases, and the adoption of the new way of looking at the data. We are seeing technologies and concepts, that were not there before and do potentially lead to AGI.

For those interested in investing in AI startups and initiatives, what critical factors should they pay attention to for assessing the potential success and viability of a project?

SA: I wouldn't recommend assessing AI startups and initiatives unless you are an expert in both fields – AI and investing. Both disciplines have extremely high entry barriers and therefore require proper expertise before anyone can have fair participation. One of the reasons why my partners and I created the Swiss AI Association in the first place was the shortage of expertise available to investors interested in AI, so we set a goal to provide the global community with a better navigation tool through our AI certification program. Speaking of concrete factors while assessing AI projects, what comes to mind first is – cybersecurity, ethics and responsibility, sustainability, ease of work with existing code for further development, and of course the quality of data used to train the AI.

RZ: If you're considering an investment, it's essential to grasp the problem that the solution addresses. Additionally, evaluate whether the solution could be readily replicated or imitated by major players in the AI industry.

Looking into the future, how do you imagine AI shaping the arts sector?

SA: AI will most definitely help shape any sector in the future, and art would not be an exception. Yet, art is what I call a “creative” activity, therefore I can imagine a future where an AI-augmented human will be the “better” artist than just a human or just AI alone.

RZ: If we look at the progress that some of the AI generative tools are making, one can only be stunned. What was just science fiction a year ago, can nowadays be created with a few good prompts. Will it create a new Warhol or Banksy? I am eager to find out.



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FUELARTS ♦ KEY NUMBERS, H1 2023_

In the first half of 2023, a remarkable **29** new Art+Tech startups, leveraging the potential of AI technologies, joined the existing ecosystem of **35** Art+Tech & NFT startups that had secured funding between 2000 and 2022, marking an impressive **83%** increase.

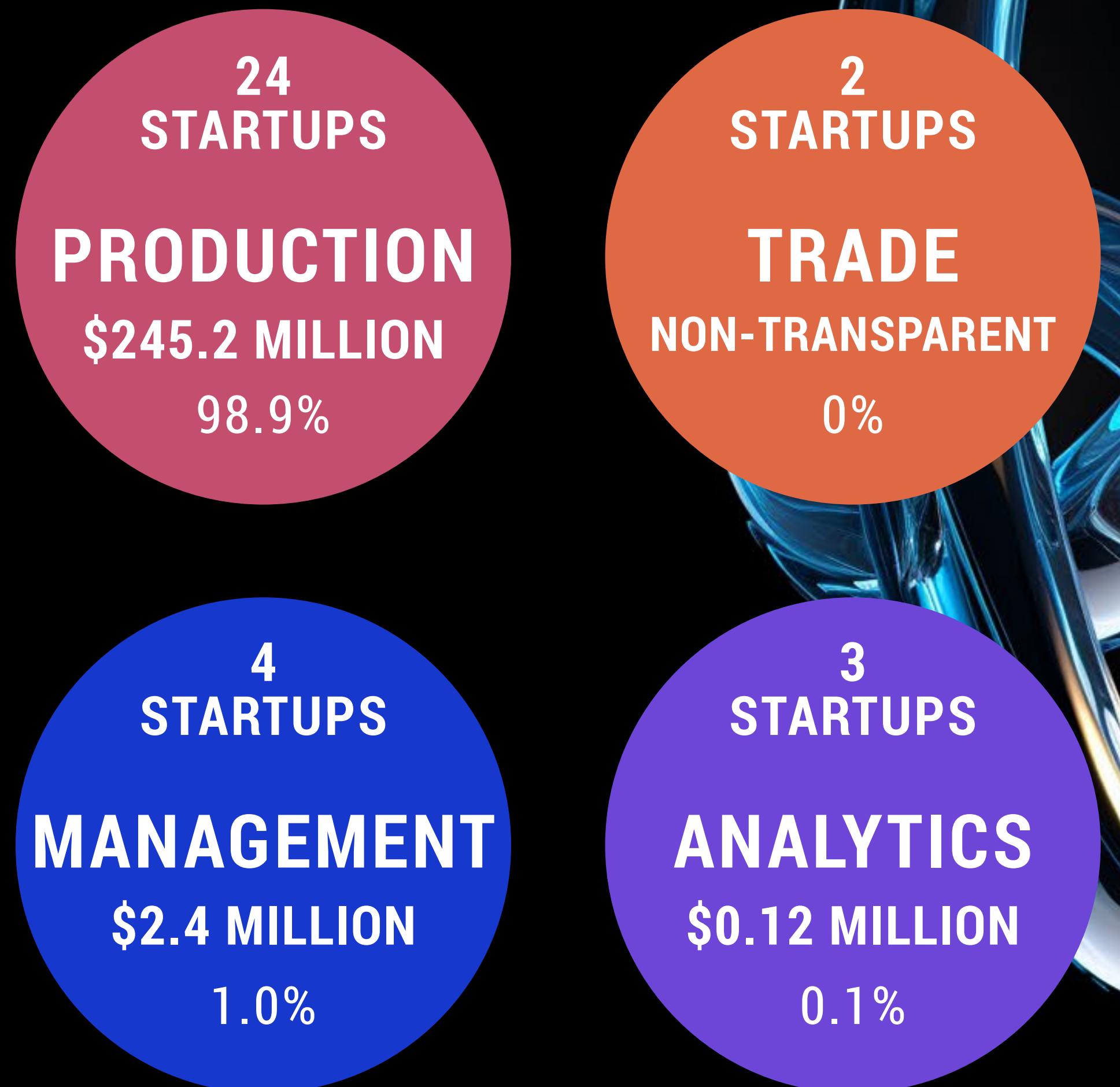
Currently, the AI Art+Tech ecosystem encompasses a total of **64** startups, with only **4** of them having successfully secured funding both in H1 2023 and prior to 2023.

During H1 2023, a cumulative funding amount of **\$247.8** million was directed towards **33** AI Art+Tech startups. This figure represents around **37%** of the total investments received by the AI niche in Art+Tech since 2000, amounting to **\$669.9** million.

The distribution of the **\$247.8** million across various sectors was as follows:

- **Production** (R&D only): **\$245.2** million (98.9%)
- **Trade**: no public data available
- **Management**: **\$2.4** million (1.0%)
- **Analytics**: **\$0.12** million (0.1%)

AI ART+TECH STARTUPS VALUE CHAIN



**24
STARTUPS**

R&D

72.7%

**3
STARTUP
ANALYTICS**

9.1%

**2
STARTUPS
TRADE**

6.1%

**4
STARTUPS
MANAGEMENT**

12.1%

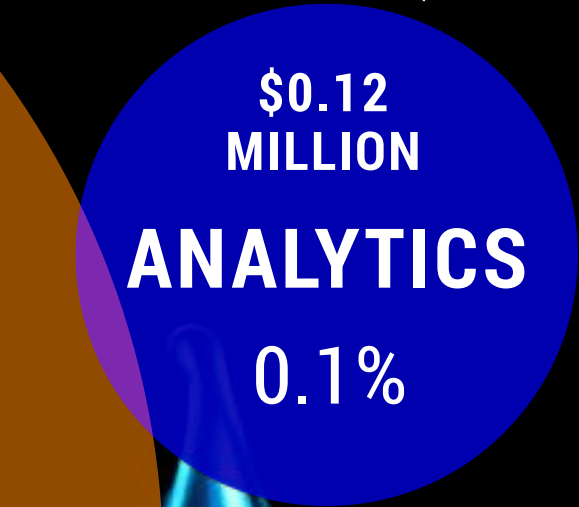
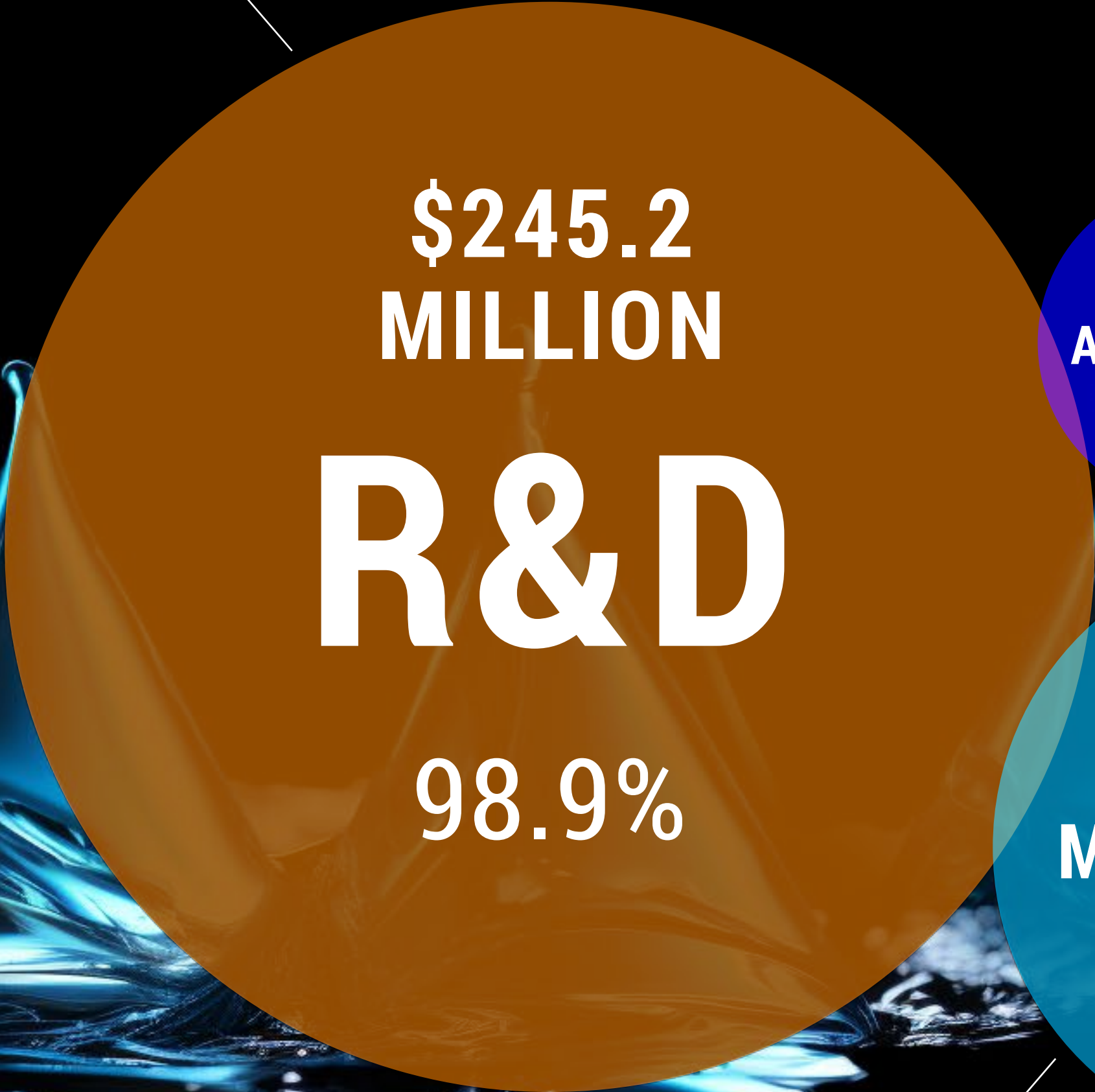
FUELARTS ♦ INVESTMENTS BY SEGMENTS_

RATE	STARTUP	FOUNDED	COUNTRY	FUNDING IN H1 2022	TOTAL FUNDING
1	TYPEFACE	2022	USA	100,000,000	165,000,000
2	SYNTHESIA	2017	UK	90,000,000	156,600,000
3	STABILITY AI	2019	UK	25,000,000	123,797,885
4	HAIPER	2021	UK	13,750,000	19,150,000
5	INVOKE AI	2023	USA	3,749,999	3,749,999

*All figures are in US\$

RATE	STARTUP	FOUNDED	COUNTRY	FUNDING IN H1 2022	TOTAL FUNDING
1	PREDICTIVE TECHNOLOGY SYSTEMS	2017	USA	120,293	745,293

*All figures are in US\$



RATE	STARTUP	FOUNDED	COUNTRY	FUNDING IN H1 2022	TOTAL FUNDING
1	NOVA	2023	USA	2,400,000	2,400,000

*All figures are in US\$

FUELARTS ♦ GEOGRAPHICAL SPREAD

REGION	STARTUPS	FUNDING	AVG FUNDING	% OF TOTAL FUNDING
Europe	8	128,933,981	16,116,748	52.0
North America	17	118,720,292	6,983,547	47.9
South America	1	100,000	100,000	0.04

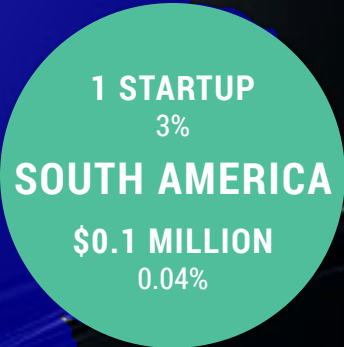
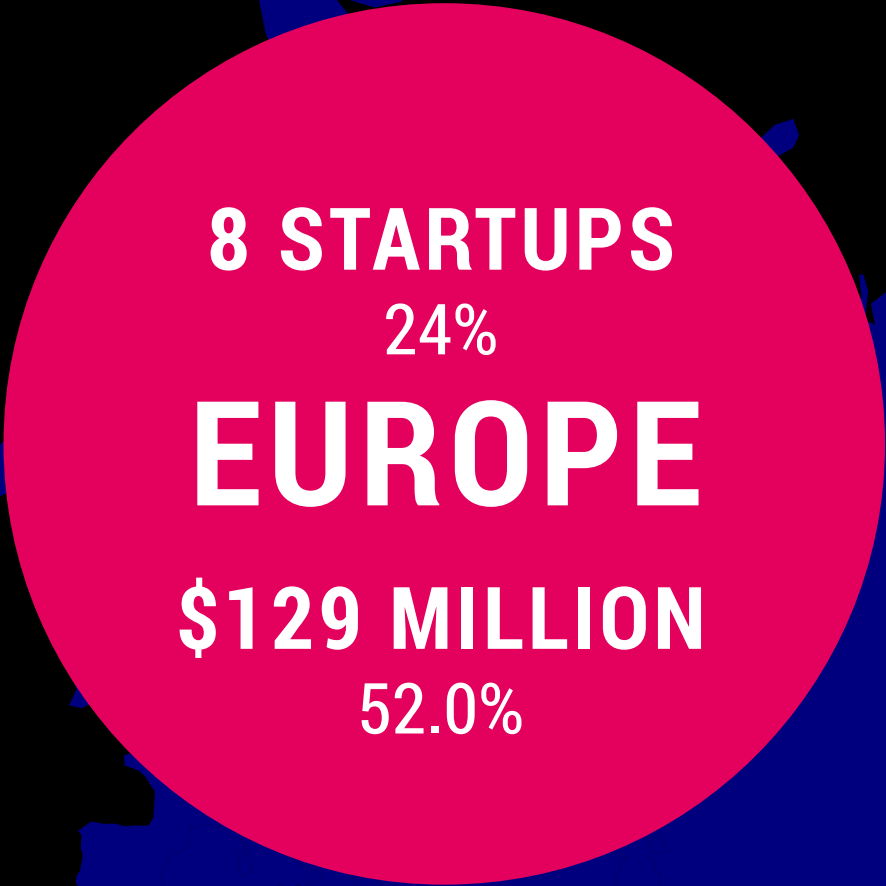
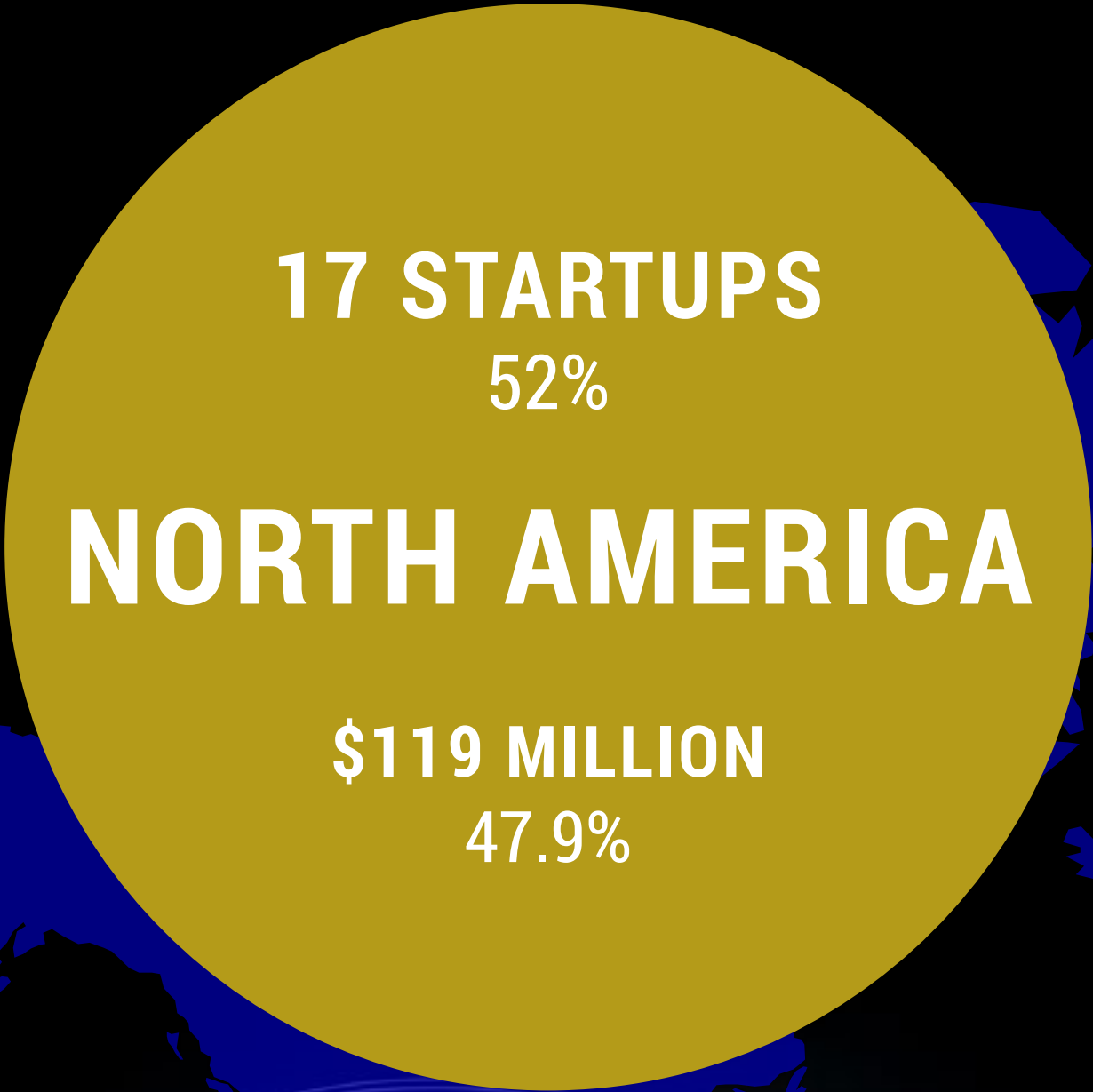
*All figures are in US\$

RANK	COUNTRY	STARTUPS	FUNDING	% OF TOTAL FUNDING
1	UK	4	128,750,000	52.0
2	USA	17	118,720,292	47.9
3	Portugal	1	183,981	0.07
4	Brazil	1	100,000	0.04

*All figures are in US\$

COUNTRIES WHERE AI ART+TECH
STARTUPS HAVE BEEN
INCORPORATED BUT HAVE
RECEIVED UNDISCLOSED
AMOUNTS:

Decentral	3
Japan	2
Germany	1
Hong Kong	1
Italy	1
Switzerland	1
UAE	1



FUELARTS ♦ H1 2023 IN REVIEW

- During the first half of 2023, a total of **33** AI Art+Tech startups successfully secured funding. Out of these, **4** startups (**13%**) had previously received funding prior to 2023.
- The combined funding for these **33** Art+Tech startups in the first half of 2023 amounted to **\$247.8** million, accounting for **48.6%** of the total funding received by these startups since their inception.
- Among the various categories, **R&D** startups attracted the highest number of investments in the first half of 2023, totaling **\$245.2** million across **24** companies. Management (**\$2.4** million, **4** companies) and Analytics (**\$0.12** million, **4** companies) received comparatively fewer investments.
- AI Art+Tech startups in the **GameFi** and **Visualization** sectors did not receive any investments during H1 2022. Additionally, the two startups in the **Trade** category have not disclosed the amounts of investment they have received.
- The combined funding for the **top 5** AI Art+Tech startups in the first half of 2023 constitutes **95%** of the total funding secured by all 33 startups.
- Among the countries hosting incorporated AI Art+Tech startups that received investments in the first half of 2023, the **United States** stands out with **17** companies. Following closely, the **United Kingdom** holds second place with **4** companies, and **Decentral** incorporation secures third place with **3** companies.
- Simultaneously, the UK takes the lead in terms of cumulative investment amounts, boasting **\$128.8** million (**52%**), while the USA follows with **\$118.7** million (**48%**).
- AI Art+Tech startups founded in 2023 collectively received **\$7.4** million in funding, contributing to **3.3%** of the total H1 2023 funding for all companies in this sector, regardless of their founding year.
- AI Art+Tech startups that received the highest investments in the first half of 2023 are in Series B (1 company, **\$100.0** million), followed by 1 company in Series C (**\$90.0** million) and **12** companies in the Seed stage (**\$30.9** million).
- Startups with the highest overall funding are in Series B (1 company, **\$165.0** million), Series C (1 company, **\$156.6** million), and the Convertible Note stage (1 company, **\$123.8** million).
- Among the 33 companies, **19** companies have not disclosed any information about their financial sources. Consequently, the current level of investment «transparency» in this market stands at **42%**.

MARKET	FUNDING IN H1 2023	MARKET %	STARTUPS	INVESTMENTS MADE	TOTAL FUNDING, ALL YEARS	% OF FUNDING IN H1 2023	TRANSPARENCY, %	FUNDING – STARTUPS, FOUNDED IN H1 2023	STARTUPS, FOUNDED IN 2023, %
Total	601,578,825	100	132	319	1,274,269,883	47.2	61	16,098,204	2.8
AI	247,754,273	41.2	33	101	509,330,279	48.6	42	7,449,999	3.3

*All figures are in US\$

TOP 10 AI ART+TECH STARTUPS BY INVESTMENT AMOUNT RECEIVED IN H1 2023

RANK	STARTUP	SEGMENT	COUNTRY	FOUNDING YEAR	INVESTMENTS IN H1 2023	TOTAL INVESTMENTS	STAGE
1	Typeface	R&D	USA	2022	100,000,000	165,000,000	Series B
2	Synthesia	R&D	UK	2017	90,000,000	156,600,000	Series C
3	Stability AI	R&D	UK	2019	25,000,000	123,797,885	Convertible Note
4	Haiper	R&D	UK	2021	13,750,000	19,150,000	Seed
5	Invoke AI	R&D	USA	2023	3,749,999	3,749,999	Seed
6	Gentrace	R&D	USA	2023	3,200,000	3,200,000	Seed
7	Nova	Management	USA	2023	2,400,000	2,400,000	Seed
8	Booth AI	R&D	USA	2022	500,000	1,070,000	Pre-Seed
9	Diffuse Bio	R&D	USA	2022	500,000	500,000	Pre-Seed
10	Helicone	R&D	USA	2023	500,000	500,000	Pre-Seed

*All figures are in US\$

FUELARTS ♦ CASE STUDY #5_

What inspired you to venture into the field of AI?

The inspiration behind my venture into the field of AI stems from my belief that we are on the cusp of a profound transformation in the way humans and machines interact. At our company, we refer to this paradigm as “Augmented Intelligence” or the “Amplification of Intelligence.” I am driven by the vision that Artificial Intelligence, in its role as an assistant, will soon become an integral part of our daily lives, enhancing our capabilities, streamlining our tasks, and ultimately making us more efficient in our endeavors. The limitless potential for AI to empower individuals and industries alike motivates me to be a part of this transformative journey.

Can you walk us through the journey of creating Phygital+?

Our journey in creating Phygital+ began eight years ago when we initially established our service business. After six years of operation, we had an epiphany: harnessing artificial intelligence had the potential to significantly boost our profit margins and expedite our processes. This revelation prompted us to venture into a new and foundational domain of work, combining 3D graphics and machine learning.

To further solidify our expertise in this field, we collaborated with Microsoft to launch a master’s program, laying the foundation for our foray into Generative AI. Over several years, we diligently worked on developing an internal product, one that was designed to empower our own team of designers. These designers worked hand-in-hand with our ma-

chine learning engineers, refining and fine-tuning the product’s capabilities. By 2021, it became evident that the demand for this product extended far beyond our organization. The success and impact we witnessed internally led us to realize that we were sitting on a solution that could revolutionize the way businesses across various sectors operate. That realization marked the birth of Phygital+.

What distinguishes Phygital+ from its competitors? What is its primary competitive edge?

What sets Phygital+ apart from its competitors is our unique approach to working with open models and the Copilot concept. While many in the industry are embracing these concepts, we stand out as one of the few providers that offer the ability to seamlessly connect multiple neural networks within the same space. This capability enables us to create pipelines, affording our users even greater control over the process of generating visual content.

Reflecting on the years 2022-2023, what notable milestones or achievements did your company reach during this period?

The years 2022-2023 were a transformative period for our company, marked by several noteworthy milestones and achievements:

- **Open Alpha Launch:** We successfully entered the open alpha phase of our product development, making our cutting-edge solutions accessible to a broader audience.
- **Impressive ARR Growth:** During this period, we achieved an impressive Annual

Recurring Revenue (ARR) of approximately \$300,000.

- **Transition to Subscription Model:** We made a strategic transition to a subscription-based business model.

- **Implementation of Large Projects:** We successfully executed several large-scale projects, demonstrating our capacity to tackle complex challenges and deliver innovative solutions.

The years 2022-2023 were a period of growth, innovation, and adaptation for our company. These achievements are a testament to the dedication of our team and the value our solutions bring to our customers and partners.

What are the main objectives you have set for Phygital+ in the year 2024?

In 2024, Phygital+ has set ambitious yet achievable objectives:

- **Attracting Investments:** We are actively seeking strategic investments to fuel our expansion and accelerate our development. These investments will enable us to further enhance our products and services, expand our market reach, and explore new opportunities.
- **Growth x10:** Our primary objective for 2024 is to achieve exponential growth, aiming to increase our impact and presence in the market tenfold. We are committed to expanding our user base, solidifying our position as a leader in AI-driven solutions, and providing even greater value to our customers.

Since the establishment of your company, what challenges or mistakes have you faced, and what valuable lessons have you gained from those experiences?

We have encountered several challenges and learned invaluable lessons that have shaped our growth and approach to business:

- **Startup Culture Realization:** We’ve come to understand that the startup culture isn’t necessarily a fit for everyone. It demands adaptability, resilience, and a willingness to embrace uncertainty. Our experience has taught us the importance of fostering a team that shares our vision and values, ensuring a strong cultural fit.
- **Marketing Investment Timing:** One key lesson has been the importance of investing in marketing early on. Building a great product is essential, but it’s equally critical to communicate its value to the right audience.
- **Data-Driven Approach:** Our journey has reinforced the significance of data-driven decision-making. We’ve discovered that relying on data and analytics to inform our strategies and validate our hypothesis is crucial for staying on course and optimizing our operations.
- **Hypothesis Testing:** We’ve adopted a mindset of continuous learning and hypothesis testing. Embracing the concept of ‘fail fast, learn faster,’ we’ve become more agile in our approach, enabling us to adapt to changing market dynamics and customer needs more effectively.



OLEG YUSUPOV

Co-Founder & CEO
of Phygital+

FUELARTS ♦ CASE STUDY #5_

Please provide insights into your fundraising journey. Could you share some tips based on the lessons you have learned?

At this stage of our journey, we are primarily self-funded and focused on building a strong foundation for our company. As bootstrappers, we haven't yet embarked on a formal fundraising journey. However, we remain open to exploring funding opportunities when the timing is right and aligns with our growth objectives. We understand that fundraising can be a critical aspect of scaling a business, and we will be sure to draw upon the experiences and expertise of those who have successfully navigated this path when the time is appropriate for us.

Envision how you see the AI market evolving five years after launching Phygital+.

While predicting the future with absolute certainty is challenging, we anticipate that the AI market, five years after the

launch of Phygital+, will have undergone transformative changes:

- **AI Integration into Daily Life:** AI will become an integral and ubiquitous part of our daily lives. It will seamlessly integrate into various aspects of our personal and professional routines, enhancing our efficiency, convenience, and decision-making across numerous sectors.

- **Operating System Integration:** AI will be deeply embedded into operating systems and software applications. Users will experience AI-driven assistance and automation across platforms, making interactions with technology more intuitive and personalized.

- **Universal Data Compatibility:** AI systems will evolve to work with all types of data, enabling cross-domain insights and innovative solutions. The ability to process and analyze diverse datasets will open up new opportunities for businesses and industries.

What is your personal perspective on the role of Generative Art in academic art practice? For example, would you advocate for integrating the study of AI tools into art school curricula – and why?

I believe these would be my strongest points advocating for the Generative Art:

- **Access to Innovation:** Generative Art, powered by AI, represents a dynamic and innovative approach to artistic expression. It provides artists with a powerful set of tools to explore and create in ways previously unattainable, pushing the boundaries of traditional art forms.

- **Inclusivity and Accessibility:** AI-driven tools like ours offer accessibility and inclusivity to students and aspiring artists, regardless of their technical backgrounds. By requiring no programming skills, we serve as an entry point into the world of AI for beginners, making this cutting-edge technology approachable and usable.

- **Enhanced Creativity:** Integrating AI tools into art school curricula enriches the creative process. It encourages students to think beyond conventional techniques and experiment with AI-driven generative methods, fostering a culture of experimentation and innovation.

- **Real-World Relevance:** As AI becomes increasingly prevalent in various industries, including the creative arts, exposing art students to AI tools prepares them for the evolving job market. It equips them with skills and knowledge that are directly transferable to professional practice.

In essence, integrating AI tools into art school curricula not only empowers students with new creative possibilities but also equips them with valuable skills for the future.

What top three pieces of advice would you offer to young entrepreneurs entering the AI sector to help them succeed?

- **Test Hypotheses More:** don't get bogged down in endless strategizing. Instead, embrace a culture of experimentation. Formulate hypotheses, test them rigorously, and iterate swiftly based on the results. This approach will help you learn faster and adapt to market dynamics effectively.

- **Adapt Constantly:** the AI landscape is ever-changing, with new technologies and trends emerging regularly. Stay nimble and open to adaptation. Be prepared to pivot your business model or product offering when necessary. Continuous learning and flexibility are key to staying relevant and competitive.

- **Look for the Real Problem:** AI is a powerful tool, but its true value lies in solving real-world problems. Don't be seduced by the technology itself; focus on identifying and addressing genuine pain points for your target audience.



WHAT'S NEXT?

4



FUELARTS ♦ FUELARTS SURVEY. OVERVIEW

■ Responses

In the context of this industry report, a comprehensive global survey was undertaken targeting founders of Art+Tech startups, as well as market experts encompassing strategists, analysts, and key figures within the sector.

The survey was driven by two primary objectives:

- **Identification of Key Investment Relationship Challenges in H1 2023 for Startups:** The aim was to discern the primary challenges that startups encountered in their investment relations during the first half of 2023.

- **Exploration of AI Implementation in the Art+Tech Ecosystem for 2023 and Beyond:** The survey sought insights into the perspectives of startups and strategists operating within the Art+Tech & NFT ecosystem, regarding the integration of AI within the industry.

Two distinct questionnaires were meticulously curated and dispatched: the Startup Survey encompassed 879 startups with an established presence in the ecosystem, along with 273 startups at the initial bootstrap stage. The second, the Strategist Survey, involved 168 specialized professionals. The outcomes derived from these Fuelarts surveys can be regarded as satisfactory: we amassed 84 responses from startups, accounting for 9% of total responses. Significantly, the group of startups in their early stages (56 startups, 67%) exhibited a more proactive response rate compared to their mature counterparts (28 startups, 33%).

In contrast to the preceding Fuelarts report, an observable trend is the absence of responses from Series A+ startups in this survey. This discrepancy can partly be attributed to the relatively subdued participation during the summer period. Notably, last year's H1 2023 report garnered responses from just 11% of later-stage startups. We attribute this dearth of participation from Series A+ startups to their current predicament of heightened pressure due to customer revenue losses, consequently impacting their valuation. In contrast, among the 154 participants in the Strategist Survey, we received 45 responses, representing an impressive response rate of 27%—the highest since the inception of the report in 2022.

KEY INSIGHTS ABOUT THE SURVEY PARTICIPANTS:

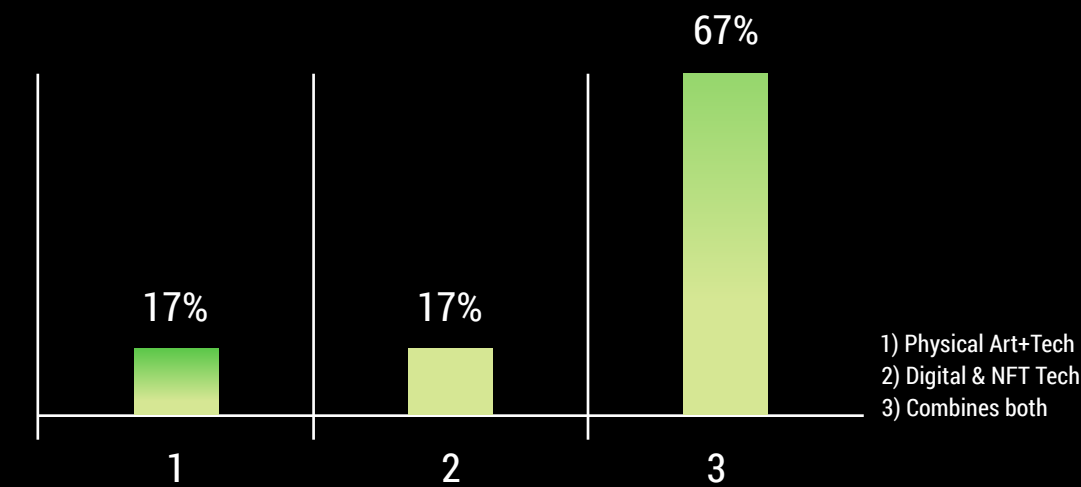
- The average age of a startup is 2 years (as of 2021).
- 50% of the startups are actively operational, while the remaining 50% have recently been launched.
- Participants hail from 11 different countries, with a notable concentration of US startups (25%).
- The prevailing team structure consists of 1–2 employees, accounting for 33% of respondents, predominantly from bootstrap startups.
- Approximately 67% of startups are involved in working with physical art, as well as a combination of physical and digital art.

PROMINENT INVESTMENT CHALLENGES ENCOUNTERED BY STARTUPS IN H1 2023:

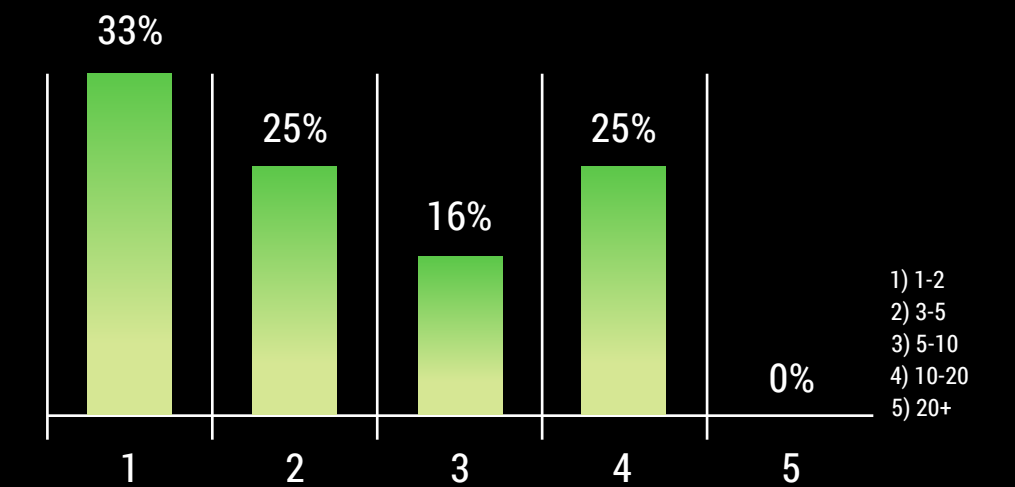
- 25% — Investors declined funding due to the NFT market's current stagnation.
- 17% — Investors redirected their focus towards other sectors, particularly AI and MedTech.
- 17% — Investors reverted to investing in more secure assets.
- 8% — Startups encountered setbacks due to postponed milestones, resulting in diminished trust.

A significant portion of startups, accounting for 33%, prioritized product development over active pursuit of investments.

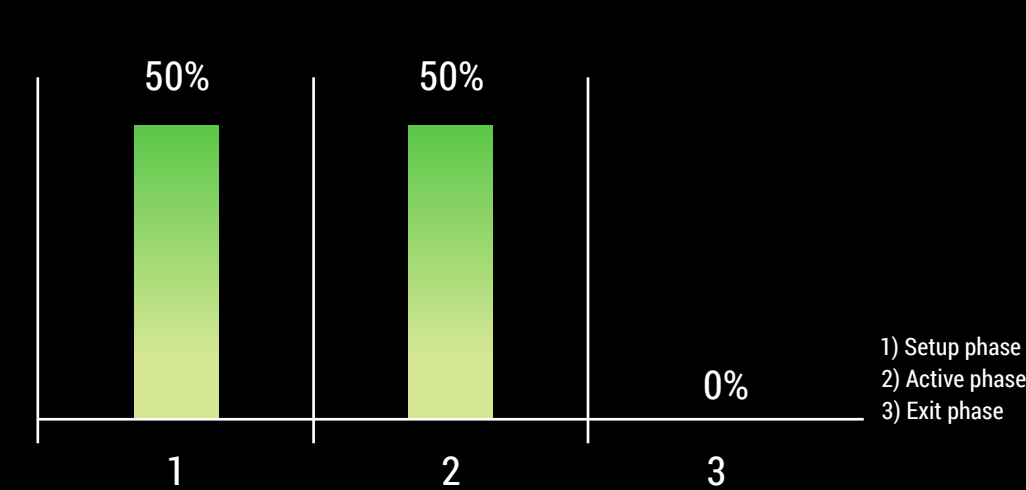
OUR COMPANY REPRESENTS:



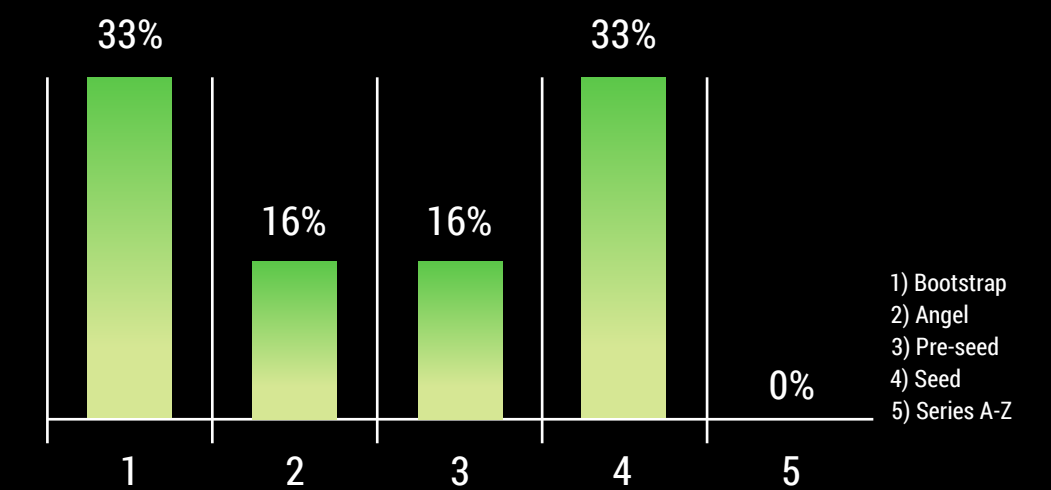
NUMBER OF EMPLOYEES:



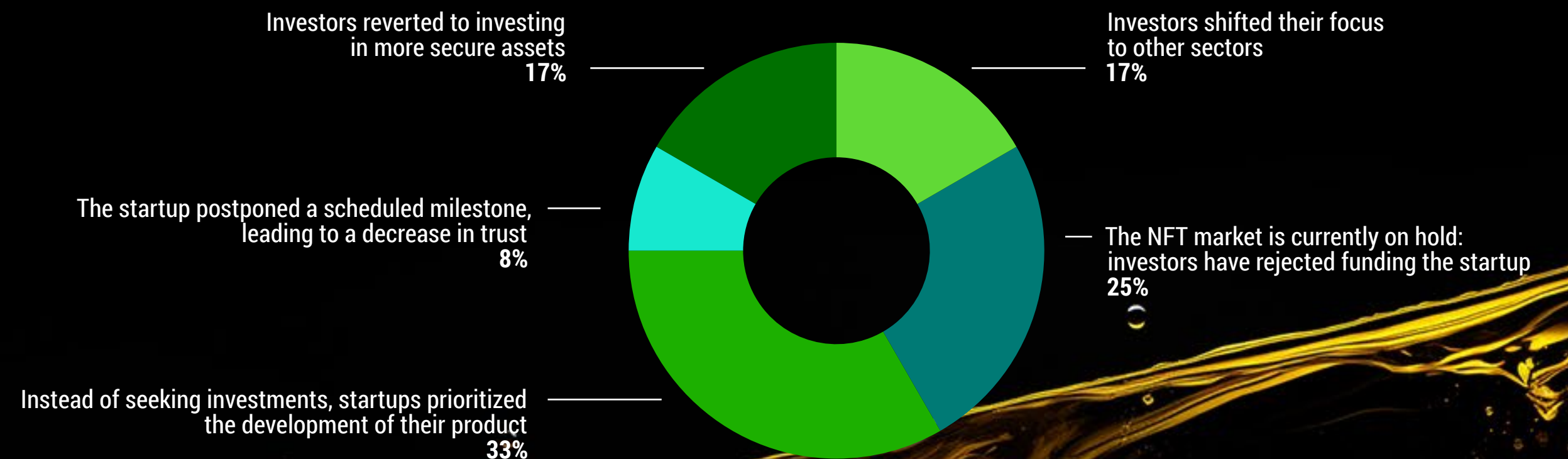
OPERATING STATUS:



INVESTMENT STAGE:



WHAT WERE THE PRIMARY CHALLENGES YOU ENCOUNTERED WHILE PURSUING INVESTMENTS IN H1 2023?



FUELARTS ♦ FUELARTS SURVEY. INVESTMENT RELATIONS (STARTUPS)

• In H1 2023, the primary source for discovering new investors, much like in 2022, for startups remained Word of Mouth, accounting for 50% of successful connections. Recommendations from friends constituted 42% of investor leads, while networking at conferences remained a notable avenue at 33%. Some startups (17%) leveraged external fundraising services (agencies) to forge investment relationships, while 8% identified investors through accelerators/incubators and customer communities. Surprisingly, LinkedIn demonstrated value in this relatively stagnant market, contributing to 25% of successful investor connections. On average, each respondent utilized three channels simultaneously.

• A significant majority (75%) of startups in H1 2023 secured funding from institutional investors in traditional fiat currency. Private individuals in fiat currency followed closely behind at 58%. In contrast, involvement from crypto investors and strategists was relatively limited. The most common combinations observed were institutional fiat investors paired with private fiat investors, as well as crypto investors joined by crypto strategists, signaling alignment with the startup's business model. Notably, rounds involving both fiat and crypto investors (both institutional and private) were exceedingly rare.

• Half of the respondents successfully secured funding within the last 6 months. Meanwhile, 42% of investors, who had initially expressed interest in participating in rounds, opted to observe the market further. A total of 8% of startups encountered the need to reschedule their planned rounds or faced direct refusals. Interestingly, one respondent received a counter-proposal from their investors to establish a DAO (crypto investment fund) atop their existing product.

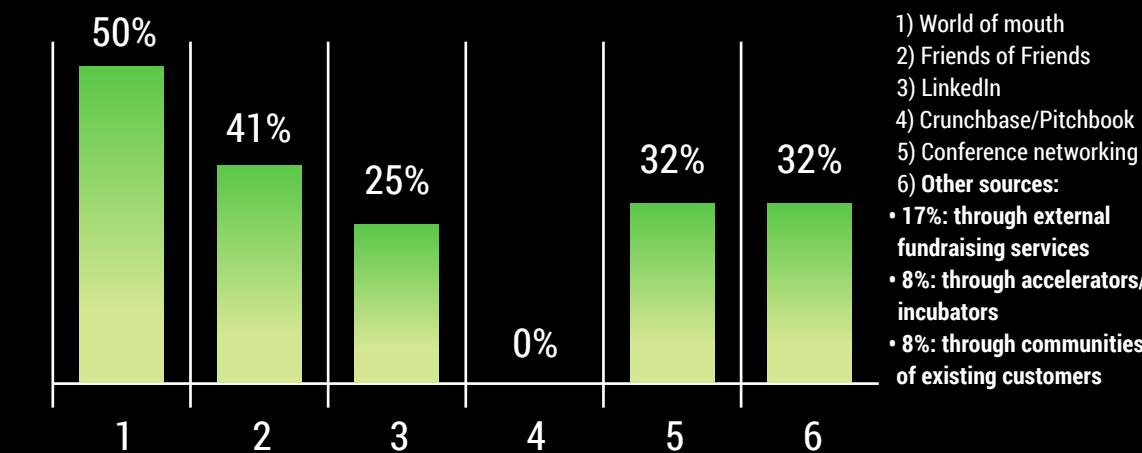
• Post-pitching, the most challenging aspect of the investment process for startups in H1 2023 was proceeding with the investment, a sentiment expressed by 55% of respondents. Securing introductions from known investors or partners, a critical factor in attracting new investors, followed closely at 45%. Establishing communication and securing a response after cold outreach, or getting investors on a call, proved to be demanding, each at 37%. A mere 9% of startups encountered difficulties in generating new topics to engage investors.

• Significantly, 45% of the respondents had not attempted to refocus their investment strategy, whether in terms of altering their outreach letter, method, channel, or investor type. In contrast, 55% of startups experimented with at least two different new strategies in H1 2023. A noteworthy 18% of startups reverted to self-funding mode.

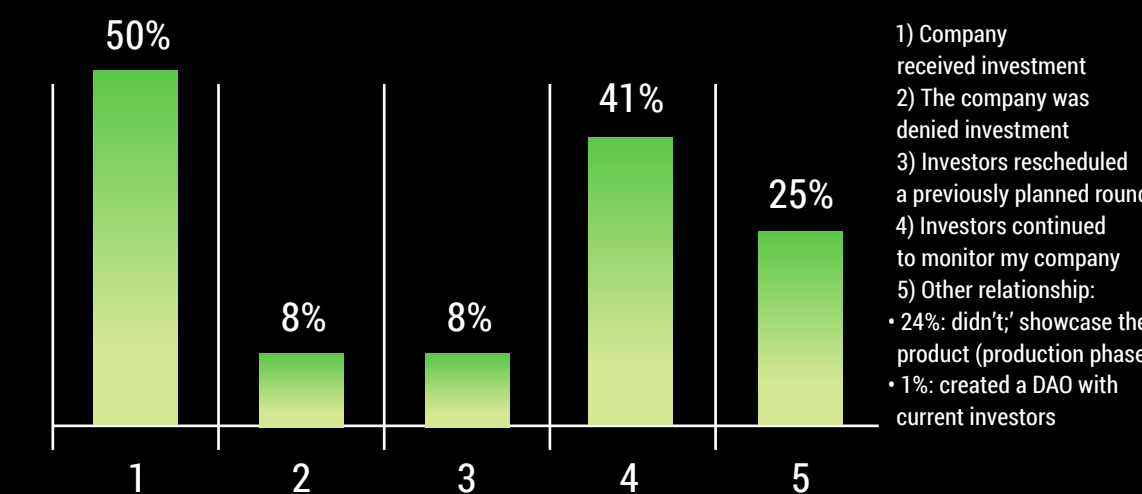
• Curiously, only 42% of the startups' investors expressed curiosity regarding the use of AI by these startups. The majority focused on the current business model and its resilience against market turbulence.

■ Responses

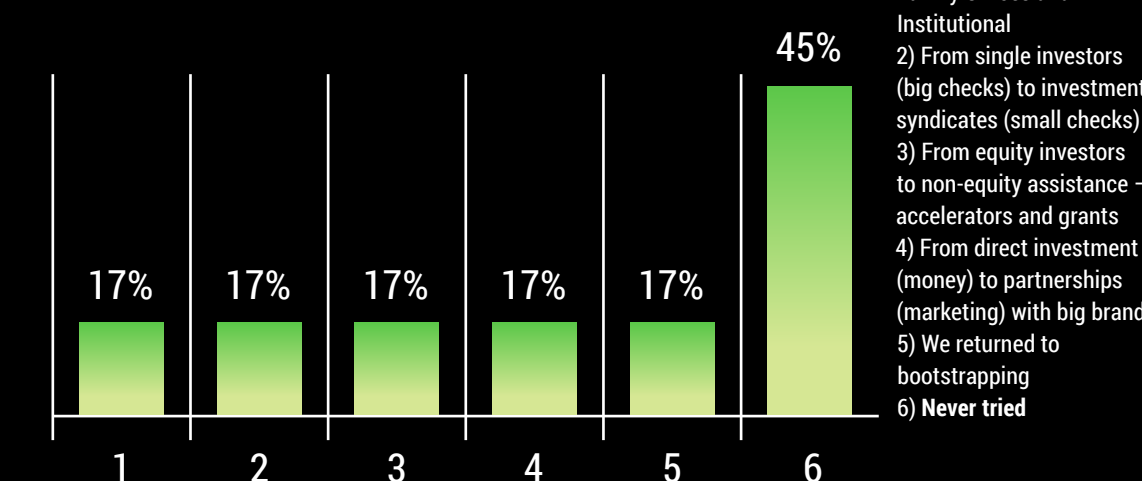
HOW DID YOU FIND NEW INVESTORS IN H1 2023?



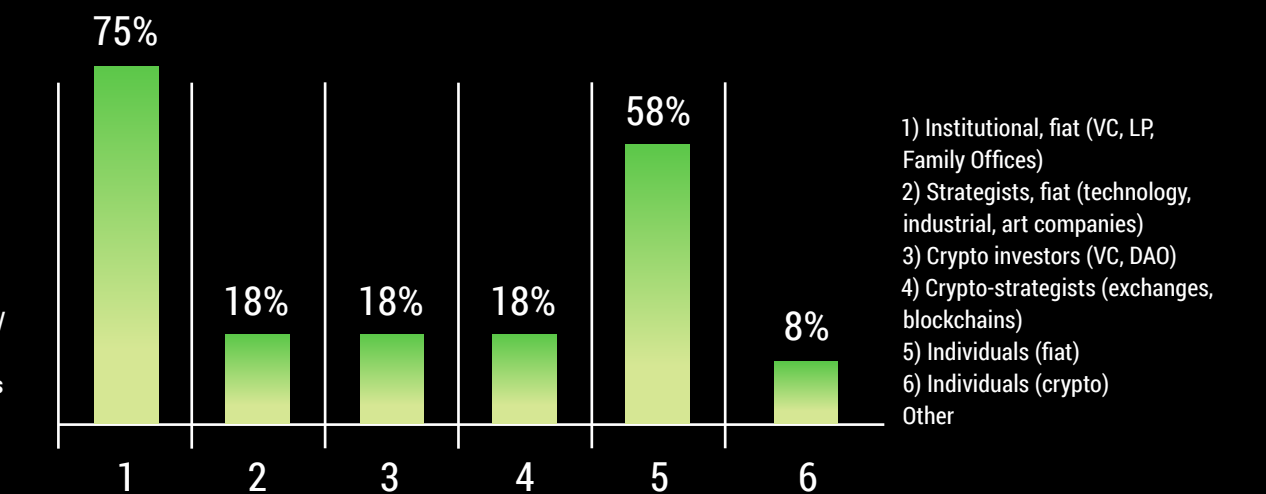
WHAT BEST DESCRIBES YOUR RELATIONSHIP WITH INVESTORS IN H1 2023?



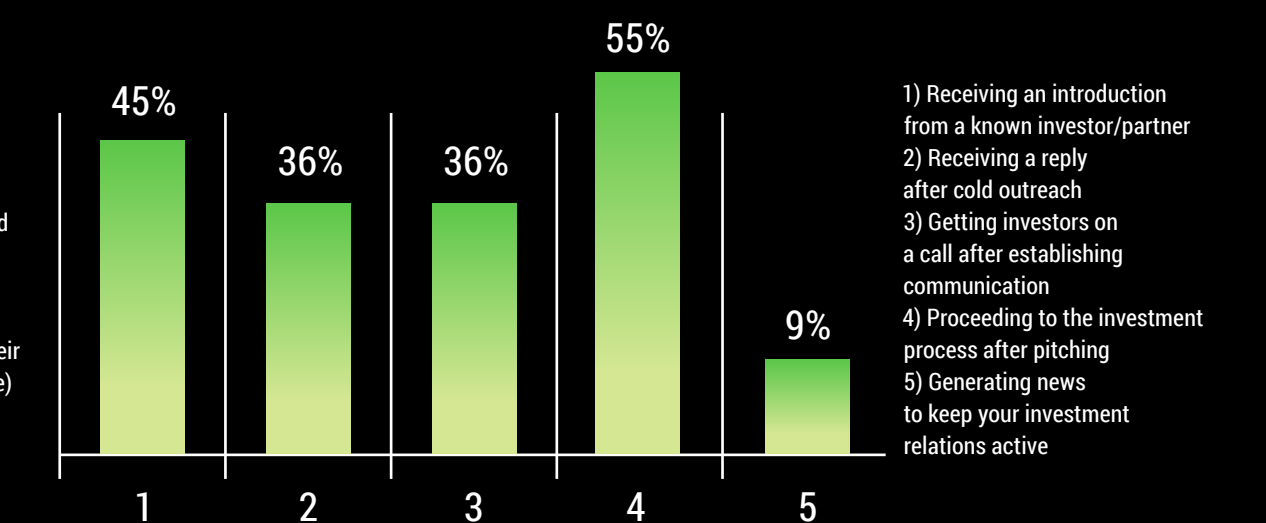
HAVE YOU REFOCUSSED YOUR INVESTMENT STRATEGY FOR YOUR STARTUP IN H1 2023?



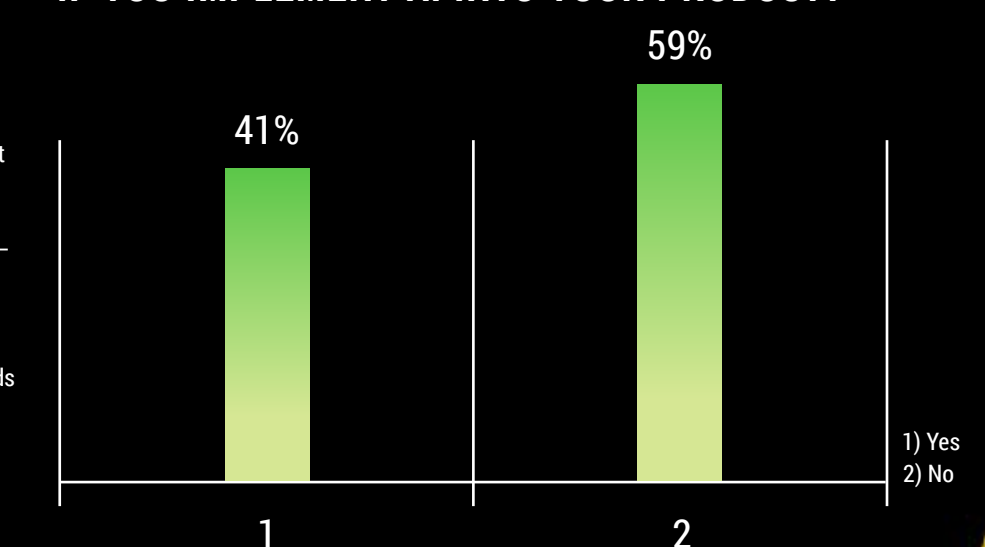
WHAT TYPES OF INVESTORS WERE YOU ABLE TO CONNECT WITH IN H1 2023?



WHAT WAS THE MOST CHALLENGING ASPECT OF FUNDRAISING FOR YOUR STARTUP IN H1 2023?



WERE INVESTORS CURIOUS IN H1 2023 IF YOU IMPLEMENT AI INTO YOUR PRODUCT?



FUELARTS ♦ FUELARTS SURVEY. AI OPPORTUNITIES (STARTUPS)

• Among the Art+Tech startups that participated in the survey, 50% (42 companies) affirmed that they are actively engaged in the development of AI technologies.

• This statement elucidates the startups' degree of involvement with AI, revealing that only 17% had already integrated AI into their business model. The remainder is either in the process of implementing AI or actively contemplating its integration. In contrast, 17% are resolute in not adopting AI tools, and 33% remain in a state of indecision.

• On average, survey respondents employ two existing AI tools concurrently in their daily startup operations. Text generation takes the lead at 42%, followed by image generation at 33%. Business-related and time management services currently exhibit lower popularity at 17% and 8%, respectively. The most prevalent combination of simultaneous use involves image and text generating services. Notably, 31% of startups classify chatbots as a distinct category (though we've grouped them under text generation services). Merely one respondent abstains from using AI products, while another has developed their own AI tool based on a large language model (LLM). An intriguing finding is that almost half (48%) of the startups that do not incorporate AI technology in their product still leverage AI tools to manage their startup.

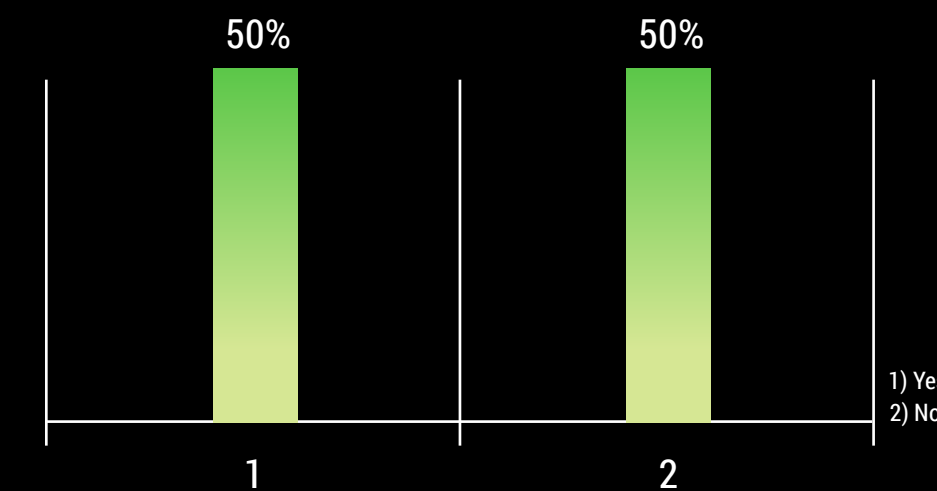
• When it comes to considering investor demands, only 17% of startups would resist implementing AI technology into their product from the ground up. A modest 8% would contemplate initiating a new startup for the sake of securing funding. A substantial 42% would willingly incorporate AI tools if no alternative route to secure a new funding round existed.

• A noteworthy 83% of startups perceive their business model as sustainable even in the face of potential crises. Interestingly, this figure encompasses all startups, including those that currently do not use AI technology or hold strong reservations against it.

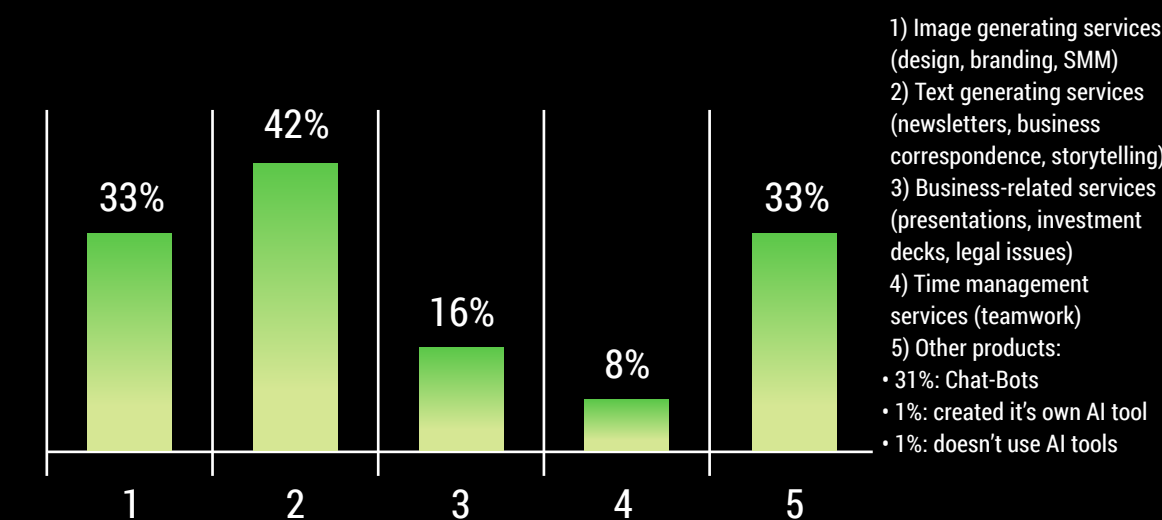
• The triumvirate of primary factors underpinning a successful navigation through crises includes: simultaneous engagement with physical/digital art (67%), an adaptable online/offline business model (58%), and the capacity to operate effectively under stress (58%). Trusted relationships with existing investors emerge as comparatively less pivotal, garnering only 25% of votes. The significance of reserved financial resources for crisis resilience resonated with only 17% of respondents. In parallel, 17% consider the unique expertise of their team members (leadership, technical skills, networking) as instrumental in sustaining the startup amid crises, while 8% place reliance on community (current customer) support.

■ Responses

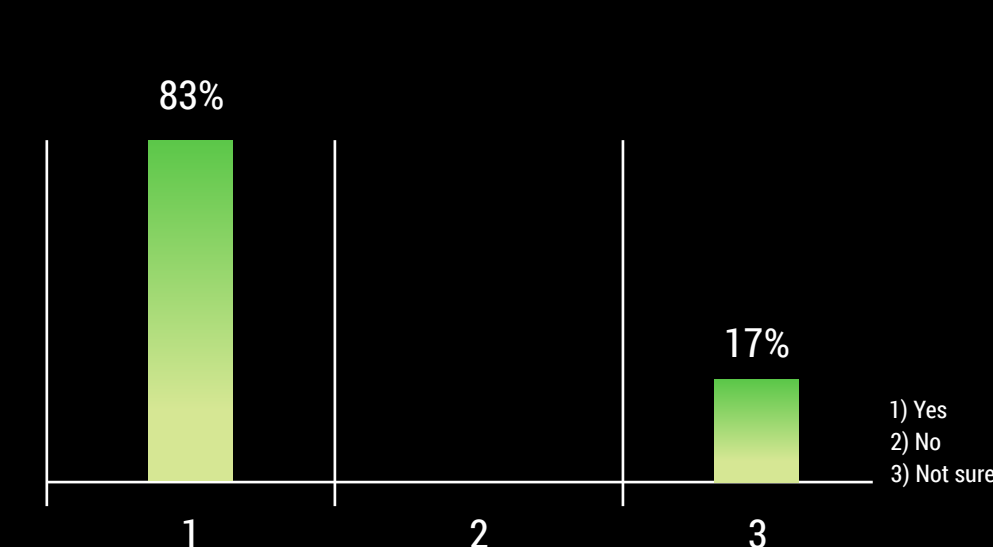
WE'RE CURRENTLY LEVERAGING AI TECHNOLOGIES:



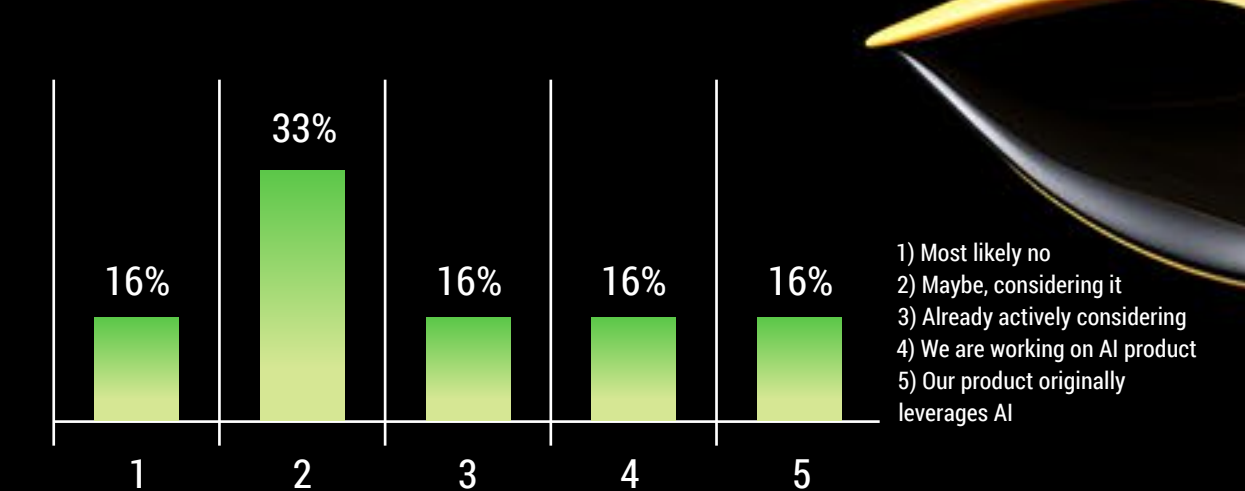
WHICH TYPES OF AI PRODUCTS DO YOU USE TO MANAGE YOUR STARTUP?



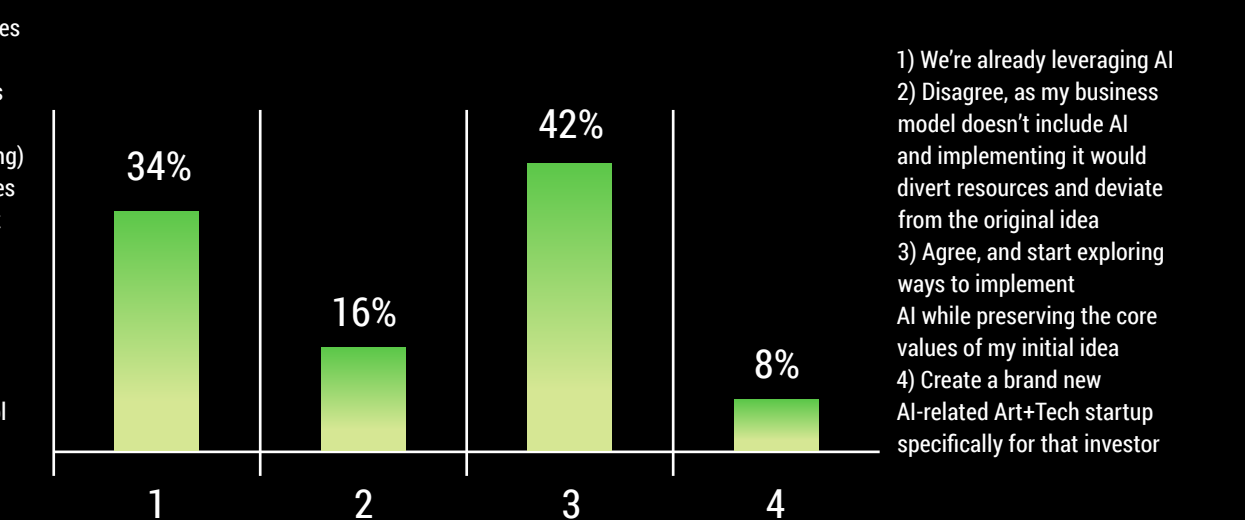
DO YOU CONSIDER YOUR BUSINESS MODEL TO BE SUSTAINABLE AMID THE GLOBAL ECONOMIC CRISIS OR THE NEXT PANDEMIC?



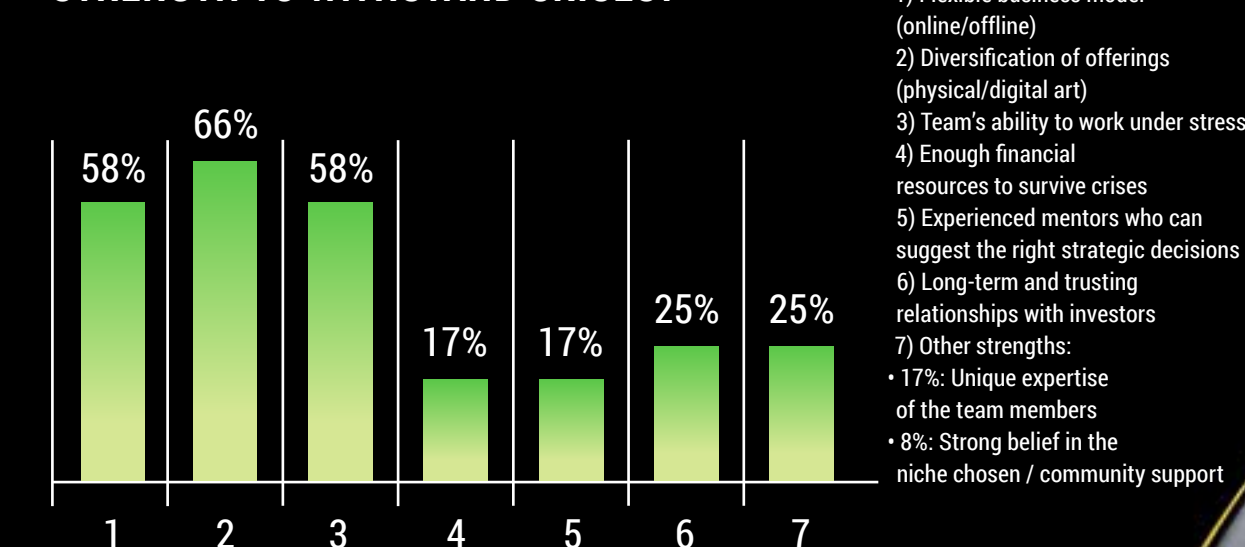
ARE YOU CONSIDERING INCORPORATING AI TECHNOLOGIES INTO YOUR STARTUP'S BUSINESS MODEL IN H2 2023?



IF YOUR CURRENT INVESTOR OFFERS TO PROVIDE FOLLOW-ON FUNDING ONLY IF YOU IMPLEMENT AI INTO YOUR PRODUCT, WHAT WOULD BE YOUR NEXT COURSE OF ACTION?



WHAT IS YOUR COMPANY'S GREATEST STRENGTH TO WITHSTAND CRISES?



FUELARTS ♦ FUELARTS SURVEY. AI IN ART+TECH (STRATEGISTS)_

Out of the total respondents, 45 individuals (constituting 27% of the overall questionnaires) took part in the Art Strategist Survey. The distribution among participants is as follows:

- 12 art collectors (encompassing traditional art and NFT)
- 12 strategists (representing art galleries, M&A startups)
- 10 art dealers
- 5 senior lecturers from art institutes
- 3 art market analysts
- 2 representatives from art fairs
- 1 representative from an auction house

• A significant majority (53%) of the surveyed art strategists expressed optimism regarding the influence of AI technologies on art. They view AI as a groundbreaking tool that amplifies creativity and introduces new artistic possibilities. Responses indicating AI as a 'useful tool' and 'a tool with limited capabilities' were less prevalent, at 40% and 7% respectively. Notably, no respondents indicated AI as a threat to artistic integrity, nor did anyone propose a negative perspective.

• When it comes to the involvement of AI algorithms in art curation and analysis, 47% of strategists believe that AI can complement human curators and analysts, emphasizing the continued centrality of human expertise. Among them, 27% consider AI's integration into art analytics and curatorship as valuable. Meanwhile, 20% acknowledge certain 'nuances' that AI presently cannot capture. None of the respondents saw AI as a global threat that might lead to misunderstandings or irreparable damage to art. The 'positive' combination of the first two options garnered 2% of responses, while the 'negative' combination of the third and fourth options received 4%.

• In terms of its influence on art market dynamics, 53% of strategists believe that AI can aid art market participants in making more informed decisions. However, they stress that human expertise and personal connections remain indispensable. A subset of respondents (33%) subscribe to the idea of AI 'revolutionizing theory' in art sales. A smaller proportion (13%) suggests that Generative AI art might lead to the mass production and devaluation of art, predominantly among gallerists. No respondents deemed AI a threat to art sales, nor did anyone offer an alternative perspective.

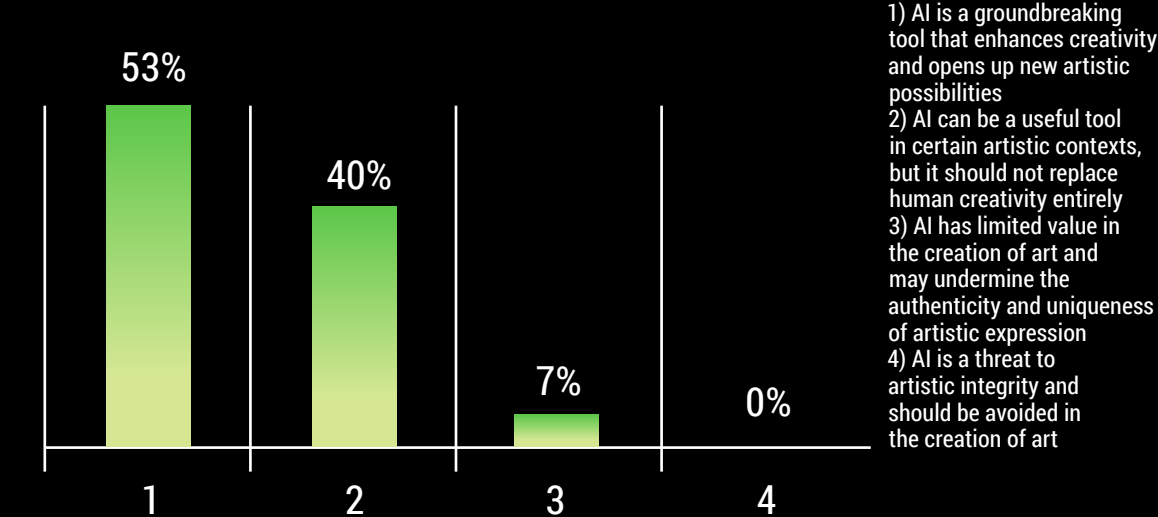
• Regarding the potential for AI to enhance audience engagement with art, 67% of strategists believe that AI might 'improve targeted engagement strategies.' Among them, 27% are excited about this prospect, while 7% express concerns about the 'commodifying' of art through AI. No participants identified AI as a threat to audience engagement or proposed an opposing viewpoint.

• In contemplating AI's influence on human creativity in art, 60% of strategists hold the view that AI will serve as a supportive element, while underscoring that human creativity and ingenuity will forever remain irreplaceable. Approximately one-third (33%) of respondents support AI's role in expanding the boundaries of creativity. A smaller group (7%) express apprehensions about the marginalization of human artists due to AI. No respondents agreed that AI would have a limited impact on human creativity or offered an alternative perspective.

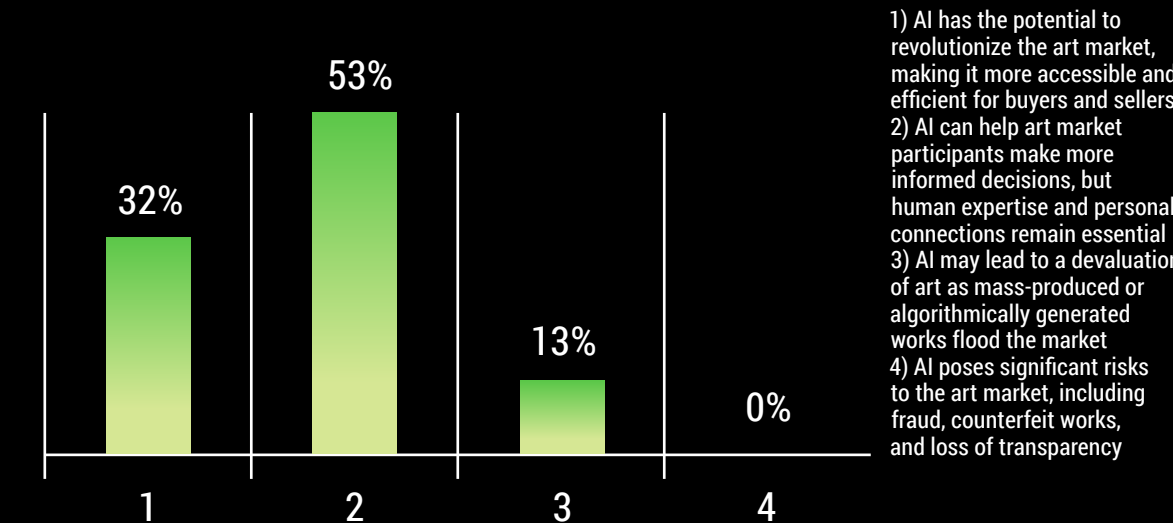
• Finally, 60% of strategists believe that AI's primary role lies in art market analytics. Management systems designed to aid collectors in asset maintenance received support from 27% of participants. Conversely, content production garnered only 13% of support. Interestingly, none of the participants voted for AI's application in trade, encompassing online marketplaces, auction houses, and art exchanges.

■ Responses

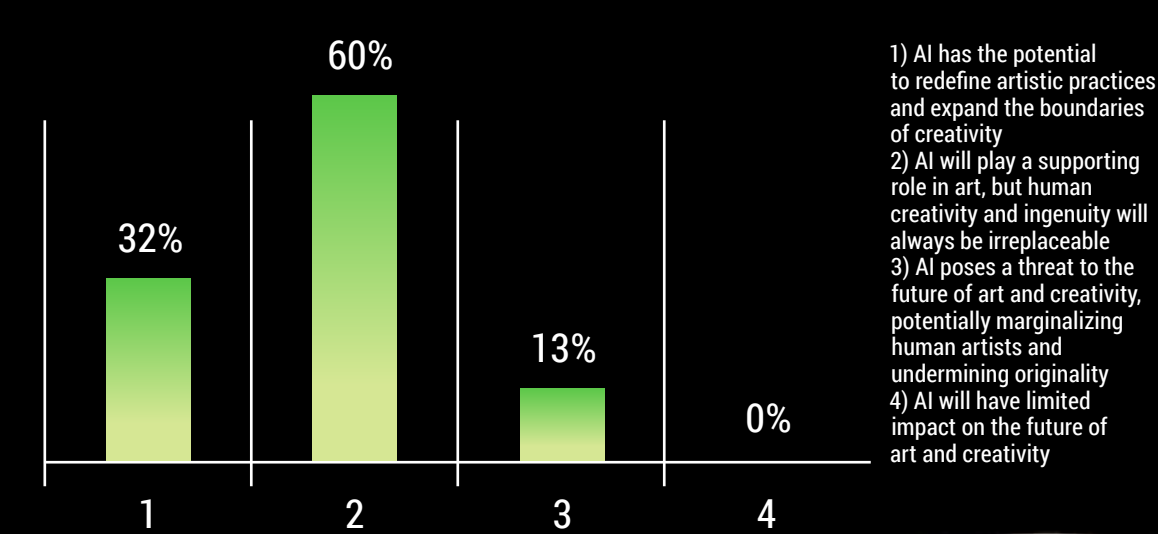
HOW DO YOU PERCEIVE THE IMPACT OF AI TECHNOLOGIES ON THE CREATION AND PRODUCTION OF ART?



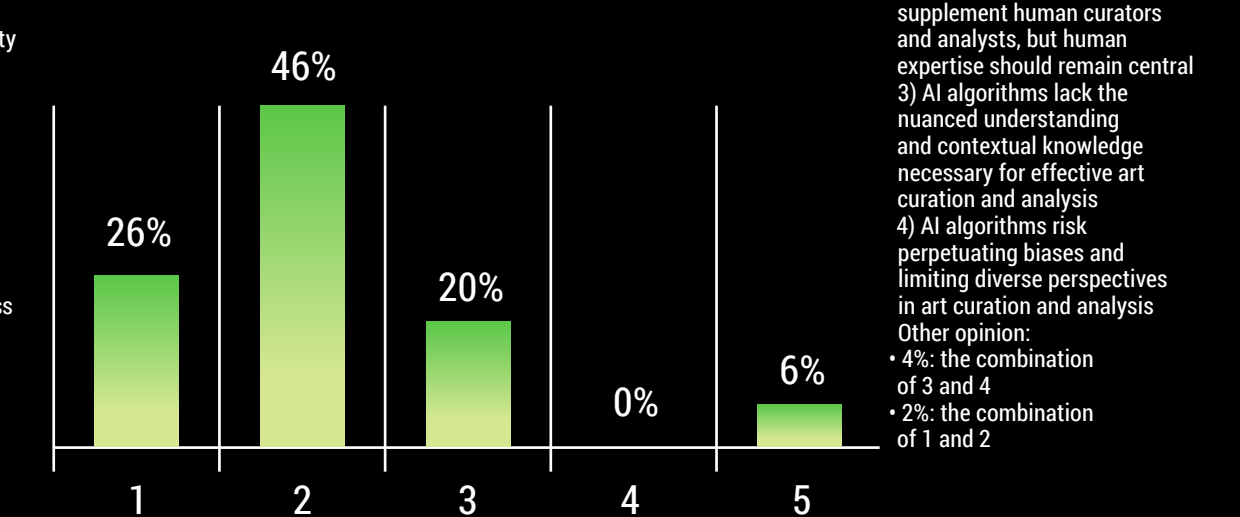
HOW DO YOU VIEW THE POTENTIAL IMPACT OF AI ON THE ART MARKET AND SALES?



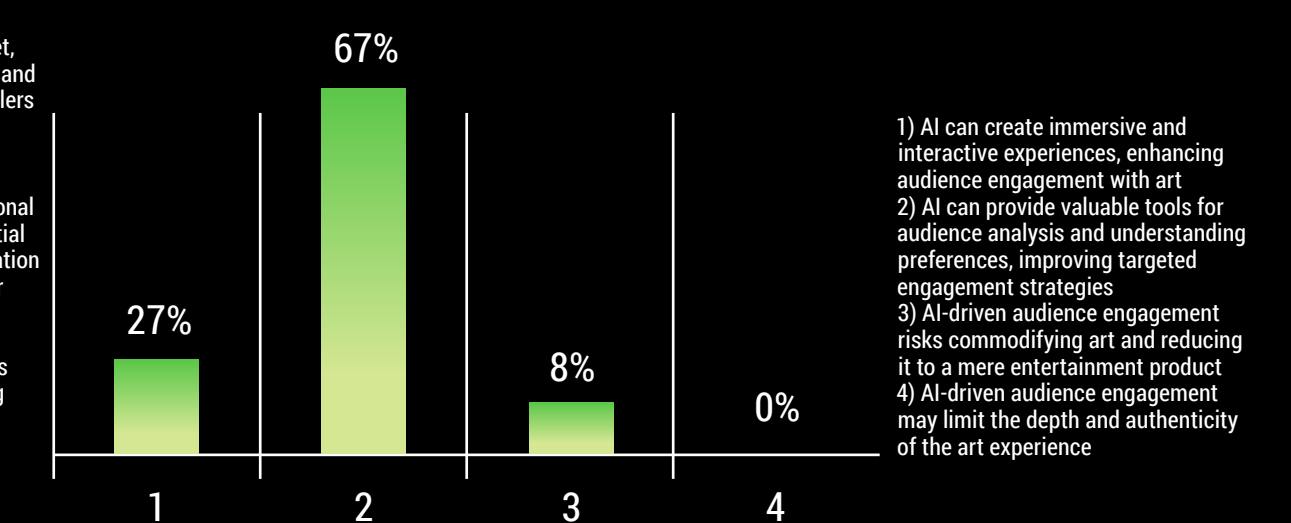
WHAT IS YOUR PERSPECTIVE ON THE LONG-TERM IMPLICATIONS OF AI FOR THE FUTURE OF ART AND CREATIVITY?



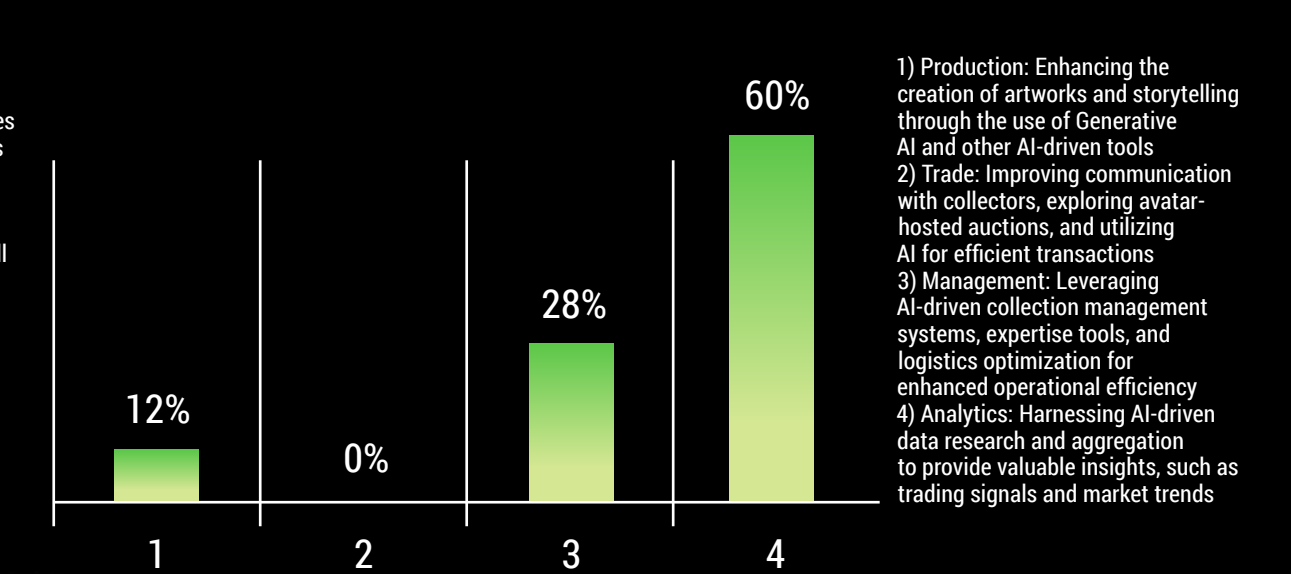
WHAT IS YOUR OPINION ON THE USE OF AI ALGORITHMS TO ANALYZE AND CURATE ART?



HOW DO YOU PERCEIVE THE ROLE OF AI IN ENHANCING AUDIENCE ENGAGEMENT AND INTERACTION WITH ART?



IN WHICH AREAS OF THE VALUE CHAIN DO YOU BELIEVE AI CAN CURRENTLY STRENGTHEN ART+TECH?



How did you come up with the idea of ASCENDED DAO in 2020?

ASCENDED DAO was born out of a realization of the inherent flaws in our current societal systems and a deep understanding of the urgent need to reverse the damage done to our planet. We noticed that many individuals, organizations, and non-profits shared the desire to bring about positive change but were often working separately, slowing down progress. Our goal was to create a unified solution that could facilitate rapid and lasting change by bringing all the necessary pieces of the puzzle together.

Over the course of 7 years in R&D, we meticulously planned a blueprint for a holistic New Earth Socioeconomic Model that would prioritize the greater good of all humanity and the planet. In this process, we discovered that blockchain technology and the framework of a DAO provides the ideal foundation for building a decentralized economy.

What is the philosophy behind ASCENDED DAO?

The philosophy behind ASCENDED DAO is deeply rooted in the concept of the Ancient Future, uniting the best of our Ancient Past and time-tested wisdom together with the best of our future. We believe in the importance of energy, frequency, and vibration, and our system is designed to raise the vibration of the planet and humanity by providing a path towards individual mastery and accelerating the ascension process.

Our philosophy revolves around the principles of decentralized organization, transparency,

and equitable governance. We value inclusivity, diversity, and collective wisdom, recognizing that every voice matters and contributes to innovative solutions. Sustainability is at the core of our philosophy, addressing both environmental issues and economic empowerment.

The ASCENDED Token drives our decentralized finance model, promoting economic sustainability and growth within the ASCENDED New Earth Economy. It acts as a catalyst for positive change, incentivizing value creation, and rewarding innovation. Our mission goes beyond technology; it's about unity, sustainability, and abundance. We strive to create a better world by harnessing the collective power of humanity and advanced technology. We also play a vital role in supporting charities and fostering collaboration to amplify our positive impact on society and the planet.

What were the key milestones of the company in its 3-year history?

In our three-year journey, our company has achieved several noteworthy milestones that have contributed to our growth and impact in the industry. Here are some key highlights:

- **Global Partnerships:** We forged strategic partnerships with over 100 prominent organizations and non-profits across 23 countries. These partnerships include industry leaders such as Neoma Ventures, The MRS Group, HVN Group, BitBasel, DreamVR Game Studio, and the Love Foundation, enhancing our global reach and collaborative efforts.

- **Pioneering Events:** Our commitment to innovation and community-building led us to organize more than 20 impactful global events. These ranged from immersive 4-day summits to an inspiring Egypt Tour, creating spaces for knowledge sharing, networking, and idea exchange within our community.

- **Health Clinic Network:** We established a network of over 5,000 health clinics, a testament to our dedication to wellness and healthcare innovation. This network supports our innovative wellness platform, addressing critical health needs in a scalable and accessible manner.

- **Ascendia XR Beta Launch:** We introduced Ascendia XR Beta, a cutting-edge virtual platform. This platform played a pivotal role in hosting the Burning Man Metaburn, demonstrating our commitment to pushing technological boundaries and enabling unique experiences.

- **World Blockchain Hackathon:** We hosted the "World Blockchain Hackathon," bringing together more than 100 global blockchain teams. This event showcased our dedication to fostering innovation and collaboration within the blockchain ecosystem.

- **Spacebound Collection:** Our achievements extend beyond Earth, with our "Face The Dragon" collection set to journey to the moon in partnership with NASA and SpaceX. This groundbreaking collaboration exemplifies our commitment to pushing the boundaries of art and technology.

What did your fundraising process look like in recent years?

Our fundraising approach has been a blend of self-funding and strategic network development across a diverse range of financial sectors, including Web3, venture capital firms, impact funds, family offices, and heritage funds. As we engaged with different financial groups and built core strategic partnerships, we remained focused on refining our roadmap and extending our network.

What are your secrets to successful fundraising in 2023?

Persistence is paramount throughout the fundraising process. Embrace every piece of feedback you receive, using it as a valuable tool to continuously fine-tune your approach. It's essential to explore a comprehensive spectrum of funding avenues, including both traditional and unconventional sources. Develop targeted and strategic approaches tailored to the distinct characteristics of each vertical. By demonstrating adaptability and a proactive mindset, you can establish a solid foundation for achieving fundraising success in the dynamic landscape of 2023.

Where do you see ASCENDED DAO in 5 years?

Our ambitious vision for ASCENDED extends into a future where it stands as one of the preeminent decentralized organizations and ecosystems worldwide. Envision a thriving economy, complete with a substantial GDP within our network state. Our treasury will house an array of tokenized assets, encompassing everything from real estate to valuable commodities like tokenized gold and natural capital assets. Across the globe, ASCENDED SPACES will emerge, serving as hubs for our global community of citizens, bridging phys-



TSUNAMI DIAMOND

Founder & CEO of ASCENDED

FUELARTS ♦ CASE STUDY #6_

ical and digital realms. With 528 locations across the most breath-taking places in the world showcasing the future of living, working & playing within eco-futuristic communities that feel like Heaven on Earth.

At the heart of our evolution lies the creation of an expansive New Earth Metaverse, ASCENDIA XR. This transformative domain will seamlessly intertwine countless virtual worlds and experiences, serving as a digital mirror to the ongoing expansion of our physical New Earth initiatives. Our revolutionary game of life will captivate billions of players, revolutionizing personal growth and global betterment through its innovative rewards system & AI.

The fruits of ASCENDED LABS will materialize in a diverse range of successful product lines. Our renowned ASCENDED FASHION line, a fusion of style and wellness, will not only elevate frequencies but also shield wearers from electromagnetic fields. Our transportation sector will redefine mobility with globally deployed ASCENDED EVOTL vehicles and a pioneering ASCENDED Car, revolutionizing the automotive landscape.

Our franchise QNTM is helping transform the lives of millions by bringing our Mobile Quantum Wellness & Anti-Aging Centers to people all around the world paving the way for a new form of preventative health care & human optimization.

To sum up, ASCENDED DAO's trajectory

embodies a harmonious blend of audacious ambition and meaningful action. It is a journey toward elevating humanity through innovation, inspiration, and holistic betterment, forging an enduring legacy as a beacon of positive change on a global scale.

Do you plan to add AI tools to ASCENDED, and if so, what purpose will they serve?

Absolutely, our plans involve a significant integration of what we term "Ascended Intelligence." We're in the process of developing AI models that encapsulate the profound wisdom accumulated through the ages. These AI models will be seamlessly connected to our New Earth Economy, serving the crucial role of intelligently guiding users toward leading an Ascended Lifestyle. Our aspiration is to establish a centralized Oracle AI Mind, which will evolve into a unified field of consciousness. This field will be nurtured and enriched by insights from some of the most exceptional minds and wisdom custodians on our planet. It will rely on meticulously curated datasets and verified information, ensuring that access to our AI models offers the highest quality, most authentic wisdom, and knowledge.

In addition to this overarching vision, each member within our ecosystem will possess a personalized AI Companion. This Companion will be specifically designed to assist individuals both within our immersive game and their real-life journeys. The Companion's role will encompass supporting users in elevating their

real-world avatar's attributes by leveraging skills, knowledge, consciousness, and health indicators.

Furthermore, we're advancing AI models specialized in predicting the outcomes of impact initiatives, conducting resource analyses, and synergizing these insights with our Quest Development models tailored for players and collaborators. This strategic integration will enable us to harness AI's analytical capabilities for optimizing our resource allocation, understanding our player community, and effectively deploying quests to fulfill our mission. Additionally, we're training AI models for the development of 3D assets and the creation of immersive 3D worlds within our ASCENDIA XR: New Earth Metaverse.

In summary, our intention is to weave AI tools intricately into ASCENDED, fostering a multifaceted ecosystem that empowers users to navigate their journeys toward an Ascended Lifestyle and contributes to the dynamic expansion of our New Earth vision.

What's your perspective on the future development of Web3 and the role of the Metaverse within it?

In our view, the horizon of technological evolution extends beyond Web3 and into the domains\ of what could be termed as Web4 and Web5. These subsequent iterations hold immense promise\ for shaping our collective future, particularly when we consider the pivotal role of the Metaverse and the

Spatial Web within this unfolding narrative. The arrival of the metaverse marks a monumental milestone, ushering in a new era of interconnectedness and shared experiences that transcend the boundaries of physical space. This paradigm represents a convergence of commerce, gaming, and social interactions, seamlessly bridging the virtual and real worlds through augmented reality (AR) experiences. As we navigate closer to the widespread adoption of these transformative technologies and anticipate the emergence of next-generation XR hardware like Apple's Vision Pro, the direction becomes clearer.

When we synergize the metaverse concept with artificial intelligence and blockchain technology, a potent and transformative synergy emerges. This amalgamation, when harnessed ethically and responsibly, possesses the potential to exert a profound positive impact on the betterment of our planet's future. These converging technologies could serve as the very scaffolds upon which the structures of our society are built, facilitating new modes of governance, collaboration, and innovation.

As we journey through this dynamic landscape, it's crucial that we collectively steer the development of these technologies toward a harmonious coexistence between the virtual and the tangible. With the right intent and mindful application, the fusion of metaverse principles, AI capabilities, and blockchain foundations can serve as the cornerstone of a brighter,

more interconnected, and empowered future. **What would be your advice for those launching their DAO today?**

Start by crafting a compelling mission statement and fostering a company culture that resonates deeply, igniting enthusiasm and engagement among potential participants and partners. The more ambitious and inspiring your vision, dream, and purpose, the more it will attract individuals who share your passion and values.

Moreover, when establishing your DAO, be cautious about constructing a governance framework that allows voting power to be directly purchasable through tokens. Instead, invest time in exploring innovative governance structures that align with your objectives and ensure inclusivity and transparency. Prevent the possibility of manipulation or control by external entities by designing governance mechanisms that empower all contributors and prevent undue concentration of influence. This guards against the potential for a situation where an individual or group could replicate the corporate approach of exerting undue influence within governmental systems.

By cultivating a purpose-driven environment, implementing robust and fair governance, and upholding transparency, you can lay a strong foundation for the success and resilience of your DAO venture in the evolving landscape.

FUEL ARTS ♦ CONCLUSIONS

IN SUMMARY OF THIS REPORT, WE PRESENT SEVEN KEY TAKEAWAYS THAT WILL SHAPE THE MARKET IN THE SECOND HALF OF 2023:

1. NFTs: A Resilient Evolution

NFTs have undergone significant transformations, yet they endure within this ever-changing landscape. NFT buyers have finally recognized their distinction from traditional art collectors. Conventional collectors acquire artworks bundled with art history, business networking opportunities, physical engagement at exhibitions and fairs, and the exhilarating process of managing a collection. In contrast, NFT buyers, at best, receive a creation from a professional artist, along with a sprinkle of celebrity endorsements and participation from the broader community looking to emulate them. In essence, they've been missing the ingredient that elevates collecting to the realm of passionate investment. Today's NFT marketplaces and independent collections are striving to bridge this gap. Some rely on robust technical ecosystems (e.g., Ordinals), while others collaborate with adjacent industries (music, film, fashion). Still, others seek to enhance the ownership experience of digital art objects through physical events (as seen with Yuga Labs), or they reinvigorate existing collections through financial instruments for collective ownership (DAO).

2. Web3 Geo Shift: Financial Centers vs. Sales Powerhouses

In the realm of Web3, financial influence tends to converge in the USA, whereas sales thrive in China. Traditional US investors remain prominent in the startup sector. However, recent actions initiated by financial regulators, such as the SEC, have compelled many Web3

companies to temporarily distance themselves from the US market. Conversely, China, traditionally viewed as a closed domain with a pro-state technology stance, is now actively advancing in blockchain, metaverse development, and artificial intelligence. Asian investors are particularly active in decentralized finance and NFTs. Interestingly, the typical profile of today's Art + Tech investor is a Chinese investment fund registered in Puerto Rico, actively investing in European startups. Against this backdrop, Paris has flourished post-Brexit, largely due to the convergence of major strategic brands, a thriving art industry, and prominent accelerators with physical hubs.

3. Investment Landscape Evolution: Thriving Innovation Amidst Competition

While the investment climate has undergone transformation, innovative startups continue to thrive. The fact that investors have significantly increased their investments in AI during a visible crisis reaffirms a fundamental rule: money is always available; the willingness to part with it varies. We perceive this substantial flow of capital from Art + Tech into AI as a positive development. It would be more concerning if investors had frozen their funds in response to waning NFT interest. Instead, they maintain their enthusiasm, making it an opportune moment for startups at the intersection of art and machine learning. For other startups, adapting to the standard crisis strategy is crucial: survival. As the market rebounds, investors will direct their attention toward those who persevered, accrued invaluable experience, and adjusted their business models to navigate the tumultuous market conditions. In essence, survival entails perpetual development. In cases of financial

constraints, it is more advisable for startups to approach early investors rather than seeking new ones, as those who initially invested are more likely to provide support to protect their earlier capital commitments.

4. The Crucial Role of Grant Support in Bear Markets

During bear markets, grant support assumes paramount significance. In the current crisis, grants have effectively substituted traditional investments for many startups, ensuring the preservation of teams and the maintenance of runway momentum. It's worth noting that grants are typically awarded for non-commercial activities, such as product development, fortifying niche market infrastructures, educational initiatives, or advancing the grantor's brand. However, resourceful founders can often find ways to align their products, audiences, or networking efforts with grant proposals. The cryptocurrency industry, in particular, has seen a surge in grant opportunities, with exchanges and blockchains increasingly supporting non-commercial initiatives to demonstrate social significance to their user base and regulators.

5. Acceleration, Partnerships, and Competitions: The New Catalysts for Financial Success

In today's landscape, acceleration, partnerships, and competitions have emerged as the key drivers of financial success. "Networking is the new currency" could aptly sum up the ethos of a dynamic market. Increasingly, startups, even at more advanced stages, are returning to the metaphorical school desks by enrolling in accelerator and incubator programs. This choice isn't solely motivated

by the financial support often provided; it primarily stems from the opportunity to establish connections with new mentors who can serve as both stabilizing forces for startups and potential investors. Furthermore, accelerators culminate their programs with demo days, attracting an audience of potential investors.

The landscape of educational and investment programs for Art + Tech has significantly expanded, courtesy of corporate accelerators established by industry leaders. It's more cost-effective for them to create and fund such courses, ultimately selecting promising products to incorporate into their portfolio than to conduct independent scouting and negotiations. Likewise, during a crisis, it becomes feasible to forge strategic partnerships with major brands—an endeavor previously considered unattainable. Brands and industry leaders are increasingly open to public collaborations with innovative, youthful enterprises, granting them coveted access to the Gen Z demographic. In essence, the present moment presents an ideal opportunity to build your PR portfolio as a trendsetter—a move that holds substantial importance in maintaining relationships with early investors.

6. The Pioneering Role of the Art Sector in Driving Mass Adoption of New Blockchains

The mass adoption of new blockchains finds its roots in the art sector. In our H1 2022 report one year ago, we forecasted "blockchain wars" in which art could become the primary battleground. While this prediction has been only partially validated—with no major marketing skirmishes between L1 blockchains primarily due to the audience's preference for multi-chain (chain-agnostic) solutions—art has undeniably taken center stage for most

of them. It's now customary to inquire of any emerging blockchain: Have you commenced the development of your art ecosystem? If not, get in touch when you do. The most intriguing question remains: who will fill the void left by Tezos at the Art Basel fair, with which the blockchain has terminated its association?

7. Natural Integration of AI Technologies in Art+Tech Startups

Art+Tech startups seamlessly integrate AI technologies into their operations. It's reassuring to observe that startups haven't rushed headlong into the realm of artificial intelligence, even in the face of immediate investment prospects. Prudent research, with the prospect of subsequent integration aligning with the startup's business model, is the most prudent approach. Equally heartening is the fact that only 50% of respondents in our survey have implemented or plan to implement AI in their startups, yet 75% of founders utilize AI tools in their daily startup-related tasks. This ratio is a welcome contrast! However, the strategists within the art market have adopted a measured stance: they neither excessively extol AI nor criticize it. They do, however, recognize the paramount importance of the human factor, creativity, which remains at the forefront of all processes. It's noteworthy that strategists have assumed a position strikingly similar to that during the onset of the NFT boom three years ago.

And finally, as a traditional parting word. According to IBM estimates, announced in the spring of 2023, it is not AI that will replace people, but people using AI that will replace people who do not know how or do not want to use these tools.

Let's remember this
and use these tactics wisely.



5

ABOUT FUELARTS

FUELARTS ♦ ABOUT FUELARTS

Fuelarts is an investment platform, specializing in the Art+Tech industry. Its mission is to support the development of an emerging Web3 ecosystem, backing daring entrepreneurs, while they are building a more efficient, transparent, and accessible art market.

In 2019 FUELARTS was founded in New York by serial entrepreneur Denis Belkevich and former COO of Christie's Americas, ex-Senior VP of Artnet Roxanna Zarnegar.

Accelerator's mission is to make the Art Market more efficient, transparent, and accessible to Web3 demands. FUELARTS provides tools to support founders of Art+Tech startups. First, it provides mentorship from the professionals experienced in finance, development, supply chain and go-to-market strategy. Then, thanks to FUELARTS' investment partner Amadeo Global, the accelerator presents startups to a wide network of investors.

FUELARTS was first presented at the Deloitte Art & Finance Event in 2019. Having raised \$500K in 2021, the accelerator scaled its activities after the pandemic. FUELARTS worked with four Art+Tech startups in a private acceleration mode - the results of this extensive work were presented at FUELARTS' Digital Demo Day (October 28th, 2021). After Fuelarts' acceleration, total investments in four startups amounted to \$750K.

With scaling its operations and expanding its reach, Fuelarts today has a diverse international team of Art Market, Public relations, Venture capital and Blockchain & NFT professionals. The team includes experts from Ukraine, China, United States, France, Switzerland and Ecuador.

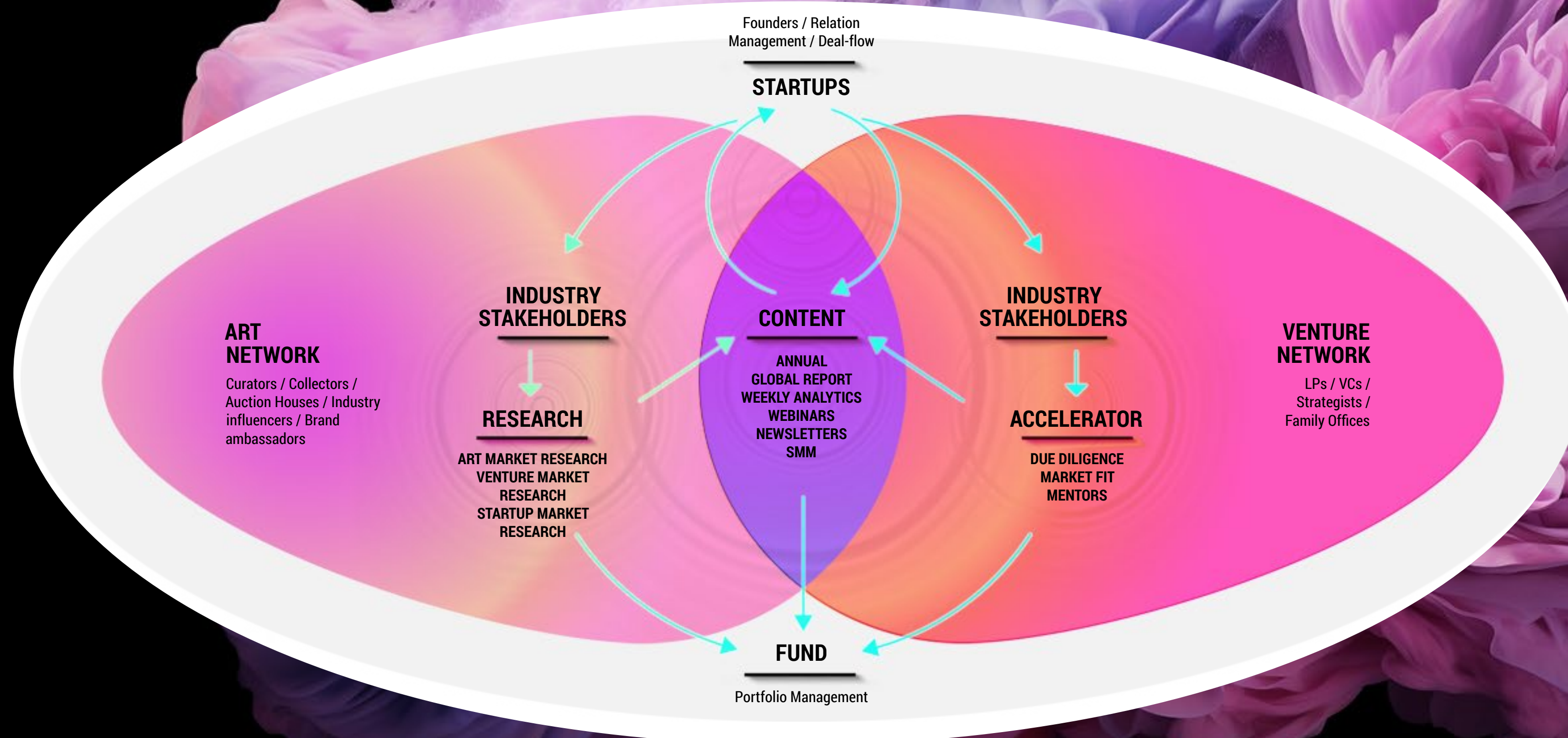
In late March 2022 FUELARTS published the first edition of the Art+Tech & NFT Startups Report. The inaugural report included analytics of already existing startups, current funding opportunities, forecasts for the upcoming year, and interviews with industry leaders.

As a part of FUELARTS' mission, the accelerator runs a series of online webinars, featuring the most active players and thought leaders in the Art+Tech and NFT space as well as promising startup founders and investors.

In May 2022, FUELARTS launched two online pre-acceleration programs: Classic Art+Tech startups and Digital & NFT startups. These programs gave 36 early-stage founders the knowledge to fundraise and launch their Art+Tech / NFT startups 3 times faster and with a minimum budget. The team of 22 professional mentors provided young founders with practical tools while networking opened them a wide variety of business opportunities.

In June 2022, FUELARTS announced raising a \$10 million VC fund to back promising startups, building products and services along the value chain of Art NFTs.

From 2023, the objective of FUELARTS is to become a company builder VC, with the purpose of helping startups in the NFT and blockchain tech space to build a business model that can shift focus as demands in the market change.



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FUELARTS ♦ ACCELERATION PROGRAMS

PRE-ACCELERATION

(Idea Stage)

This 6-week program is designed for startups at the very early stage. It gives early-stage founders the knowledge to fundraise and launch their Art+Tech & NFT startups 3 times faster and with a minimum budget. The team of professional mentors provides entrepreneurs with practical tools while networking opens a wide variety of business opportunities.

After completing the pre-acceleration program entrepreneurs will be ready to answer the following questions:

- How to create revolutionary products?
- How to build and implement a business with a high potential for exponential revenue?
- How to practice entrepreneurship with a minimal risk and to go into business full-time?

GENERAL ACCELERATION

(MVP Stage)

This 10-week program is designed for startups at the MVP+ stages, having incorporation and market traction. It is a perfect fit for MVP stage startups with a focus on product-market fit, traction, GMT, and fundraising. General Acceleration is an equity-based program.

General Acceleration ends up with a Demo Day, assembling investors from the Art+Tech & NFT industry.

STRATEGIC ADVISORY

(Later Stage)

Fuelarts offers online Strategic Advisory acceleration. This program helps founders create a professional advisory board and uncover scaling opportunities, revise its business model for the needs of later stage institutional investors. Strategic advisory acceleration is an equity-based program.

Moreover, Fuelarts offers startups a detailed and personal approach in the Private Acceleration program. In this program, Fuelarts privately works with a startup based on its goals and plans.

“THE ART MARKET ECOSYSTEM IS PRETTY COMPLICATED, BUT IT GIVES A GREAT OPPORTUNITY TO FIND ALTERNATIVE ASSETS WITH LOW VOLATILITY FOR YOUR PORTFOLIO. KEEP EXPERTISE ON ART BUSINESS AT YOUR FINGERTIPS WITH FUELARTS – THE FIRST DEDICATED ACCELERATOR FOR ART+TECH & NFT”

DENIS BELKEVICH, GENERAL PARTNER, FUELARTS



To discover more about acceleration opportunities please reach us at:

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FUELARTS ♦ CORPORATE ACCELERATION

Fuelarts Corporate is a 12-week acceleration program designed for big brands that are entering the Web3 and want to develop their NFT / AI start-up ecosystem. Each batch is tailored to the needs of the brand, taking into account its corporate culture and mission.

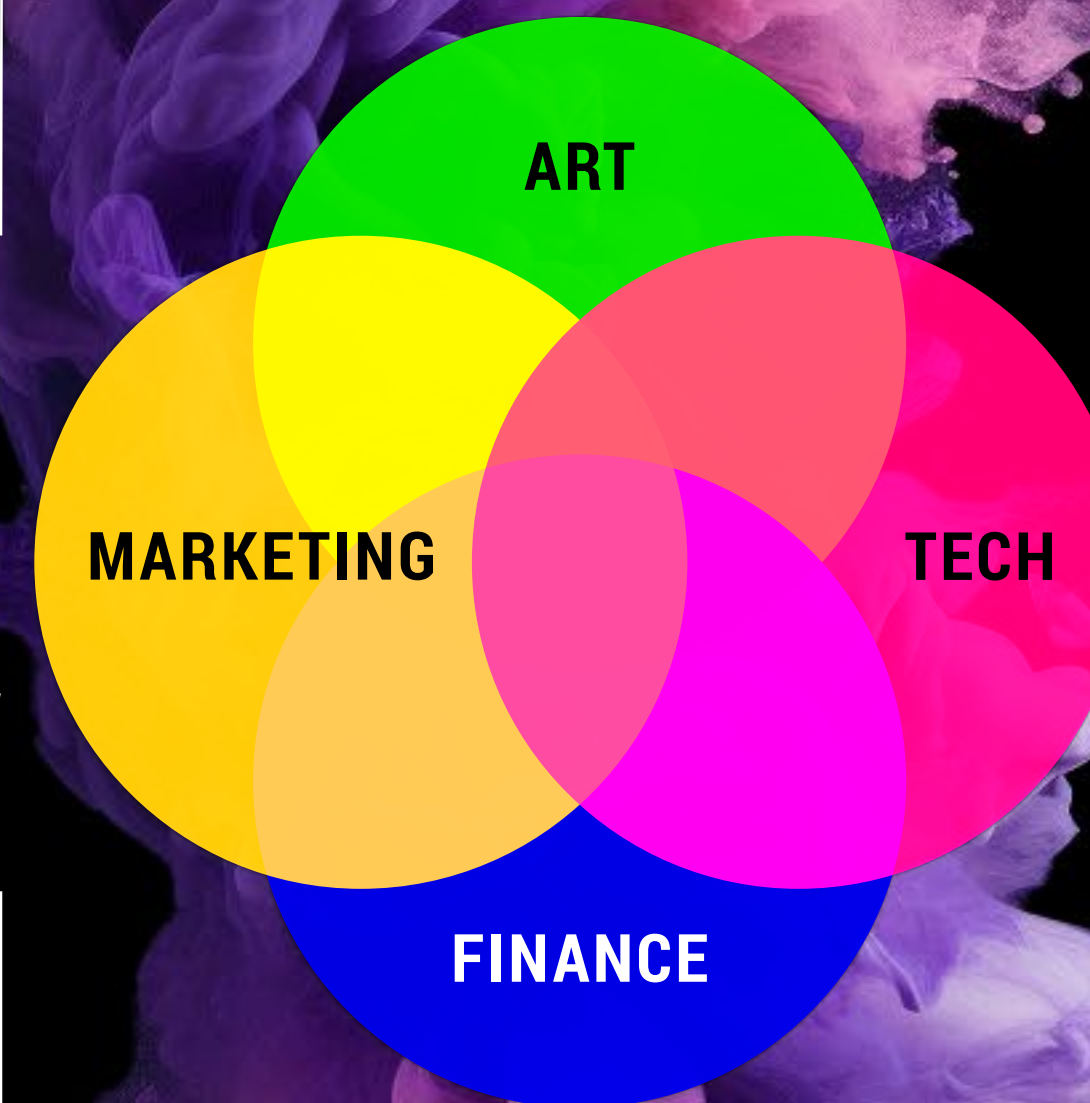
With this comprehensive approach, we are ideally positioned to identify future unicorns in Art+Tech and prepare them to enter Web3. In 2022, Fuelarts partnered with and received support and backing from Tezos blockchain. Tezos chose us to help grow their blockchain art adoption. You can check out the program of the first Fuelarts x Tezos Accelerator for corporate partners [here](#).

The main objectives of our corporate accelerator are as follows:

- Scout startups that answer corporates' challenges with their products and services
- Increase the number of startups in the brand's ecosystem
- Fill the art niche in the brand's current startup ecosystem
- Accelerate the most promising market models for potential pilot projects, acquisition or investment from the corporate/brand
- Expand the brand's visibility through a PR campaign
- Create more open-source tech products that can be used by other startups exploring the brand

With our knowledge, connections, and track record, we can help your brand navigate the market and make the most of the exciting opportunities that lie ahead.

- Customer Discovery & Development
 - Networking & PR
- Team Building & Founders' Relations
 - Community Management
 - NFT Legal Issues
 - Go-To-Market Strategy
- Pitch Deck & Presentation Skills



- Digital Art+Tech Ecosystem
- Digital Art+Tech Market Fit
- NFTs in Art+Tech (art/finance issues)
- Niche Markets

- Financial Modeling
- Unit economics
- Fundraising
- Investment Relations

- Web3 Ecosystem
- Crypto Economy / Tokenomics
- Blockchain Tech
- Metaverse
- Tech Team Building
- CTO and his responsibilities

To discover more about acceleration opportunities please reach us at:
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FUELARTS ♦ FUELARTS X TEZOS ACCELERATOR 2023 GRADUATES

In H1 2023, Fuelarts organized an 11-week online acceleration batch for the Tezos blockchain. This program encompassed four primary sectors: art, technology, marketing, and finance.

The program garnered interest from 120 highly qualified candidates who applied from 40 different countries. Following a comprehensive analysis and numerous interviews, Fuelarts carefully selected the top 10 startups that are dedicated to the development and enhancement of the dynamic Art+Tech market.



• [AerariumChain](#) – SaaS solution to support museums from preservation to crowdfunding through NFTs ([Watch Pitch Video](#))



• [ArtSquare.io](#) – Blue chip art fractional shares exchange ([Watch Pitch Video](#))



• [CHEYNI](#) – The first NETFLIX economy platform for collectibles ([Watch Pitch Video](#))



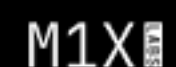
• [Comic 3.0](#) – The next generation of Graphic Storytelling for Web3 ([Watch Pitch Video](#))



• [IKONI](#) by Ikonospace – A new Web 3.0 social network to display and share artworks online ([Watch Pitch Video](#))



• [Kaleido](#) – Where physical art and digital experiences collide ([Watch Pitch Video](#))



• [M1X Labs](#) – NFT discovery and curation dApp on the Tezos blockchain ([Watch Pitch Video](#))



• [NFT Biennial](#) – The world's First Art NFT Biennial ([Watch Pitch Video](#))



• [Phygital+](#) – A no-code AI Workspace for Art, Design, Tech, and Web3 startups ([Watch Pitch Video](#))



• [Prompt-Sea](#) – Securely share AI-works and prompts with special permission NFT ([Watch Pitch Video](#))

You can access the complete video of the Demo Day that took place on April 27, 2023, [right here](#)



CONTACT US TO KNOW MORE!

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FUELARTS ♦ FUELARTS CAPITAL I_

The NFT revolution needs infrastructure to keep its momentum, and the infrastructure needs capital. Today more than 400 startups are currently building value chain behind the NFT scene. This is a great environment for venture capital to develop the space. What is more important – there is already a proof of concept in this space.

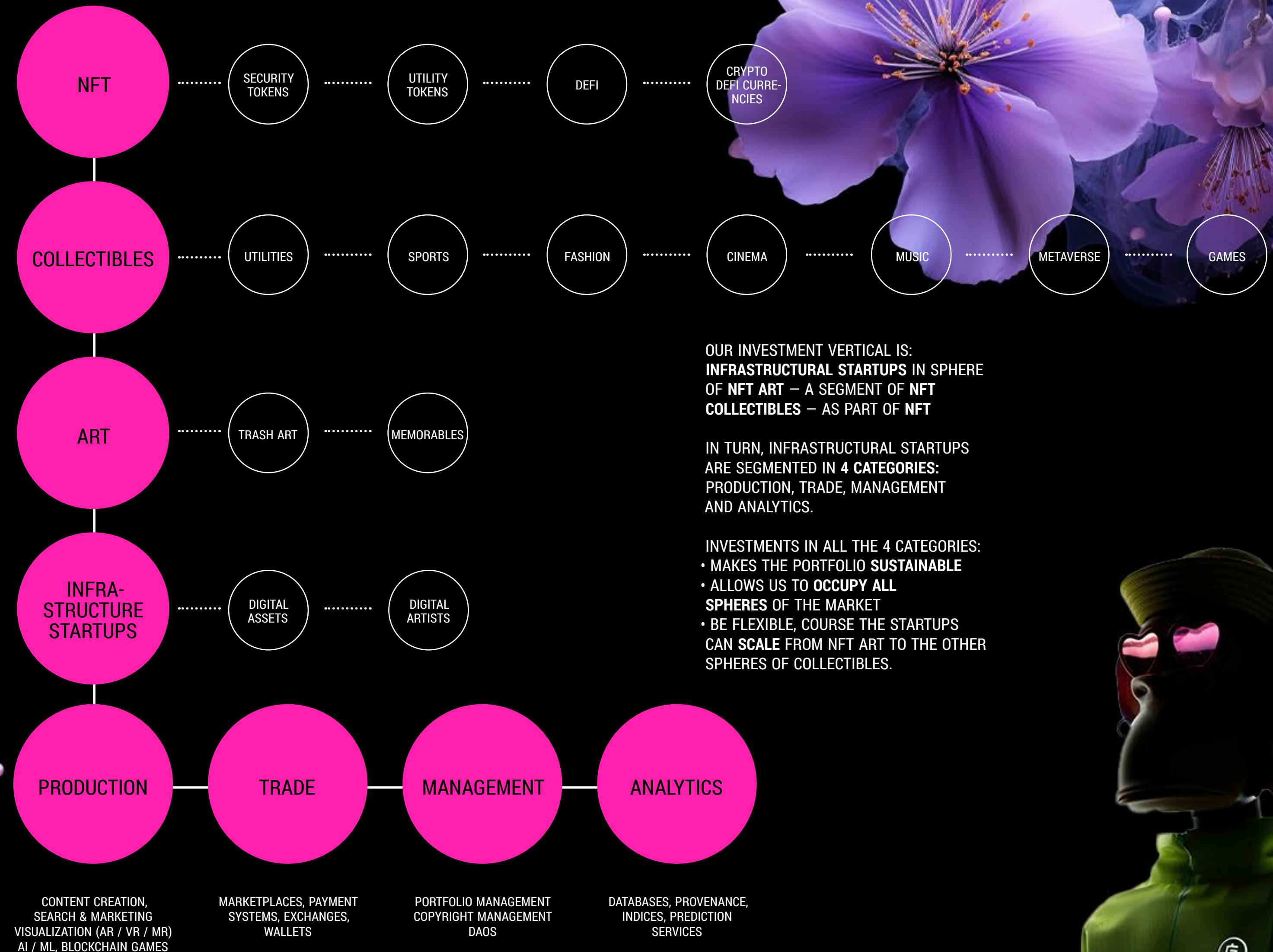
Latter motivated Fuelarts to develop a VC fund to back promising startups, building products and services along the value chain of Art NFTs.

Fuelarts Capital Fund I shall not invest in digital assets since there is too much volatility and speculation but will invest in the industry enablers. We call them infrastructure builders – the startups that produce, trade, manage, and analyse digital assets.

We consider ourselves in the best position to back the future winners, and we have already identified them. To bring the most promising startups to the Fund we created a 5-step funnel – starting from research of the Art+Tech ecosystem to business & financial due diligence processes.

Among the first backers, Fuelarts Capital Fund I has tech entrepreneurs, art collectors and strategists. Stay tuned to enjoy the safest way to play with the NFT craziness!

fuelartscapital.com



The background of the entire page is a close-up photograph of several large, blooming purple peonies. The petals are layered and ruffled, with varying shades of purple from deep magenta to lighter lavender. The lighting is soft, highlighting the texture of the petals.

FÜELARTS

FUELARTS ART+TECH STARTUPS REPORT 2023 H1 2023

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