

Bitcoin as a Platform

New Uses Alter TAM, Culture





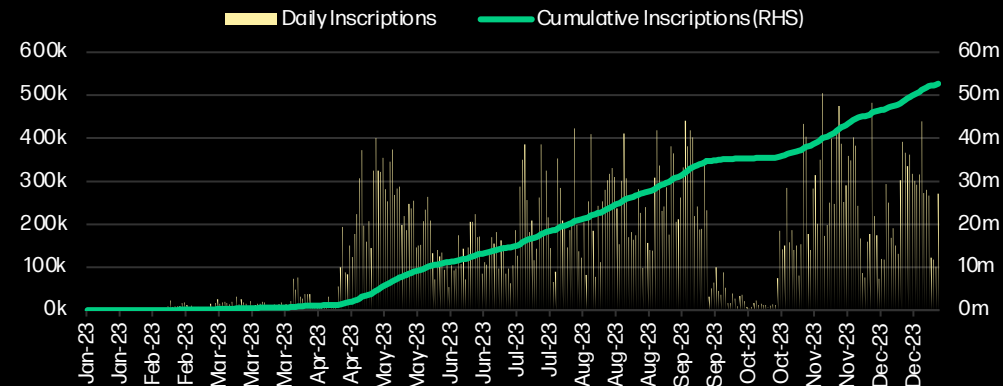
History of “Bitcoin as a Platform”

Project	Focus	Year Released
Namecoin	Domain Name Service	2011
Colored Coins	Tokenization	2012
Counterparty	Digital Art	2014
Omni Layer	Tokenization	2014
Lightning Network	Payments	2016
RGB	Smart-contracts	2017
Discreet Log Contracts (DLCs)	Smart-contracts	2020
Ordinals	Digital Art	2022
BRC-20s	Tokenization	2023
BitVM	Smart-contracts	2023
Taproot Assets	Tokenization	2023

For years, Bitcoin has established itself as the most stable and conservative blockchain, prioritizing network security and decentralization above scalability. Bitcoin has often faced criticism for its lack of innovation and capacity to directly compete with other general-purpose Layer 1 blockchains such as Ethereum and Solana.

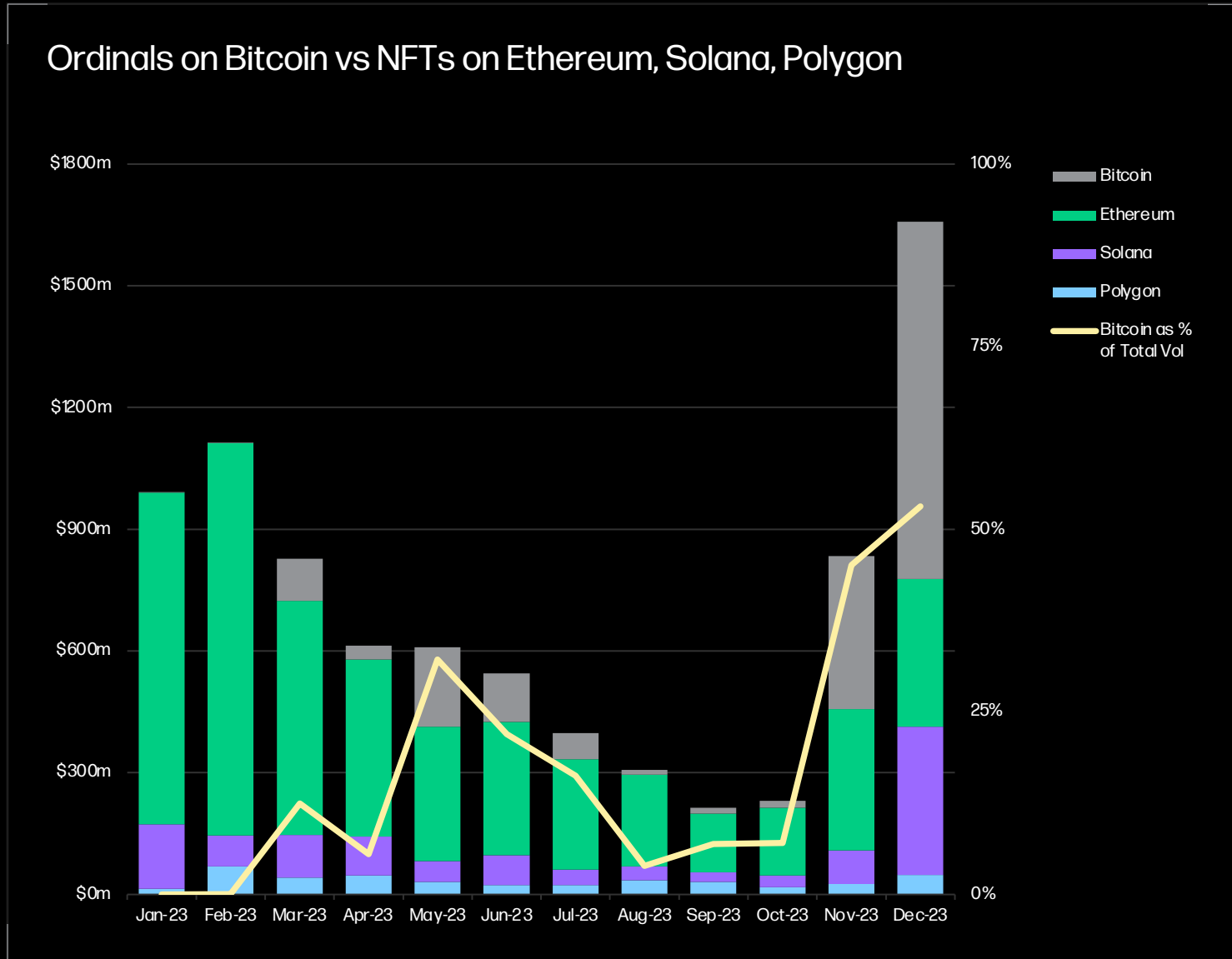
In October 2008, Satoshi Nakamoto introduced the Bitcoin whitepaper with the vision of creating a "peer-to-peer electronic cash system," emphasizing its role as a medium of exchange. However, over time, Bitcoin has become predominantly acknowledged as "digital gold" and a store of value. Despite this mainstream perspective of Bitcoin's value, developers have attempted to expand Bitcoin's functionality since 2011.

Adoption of Inscriptions



The most recent paradigm shift within the Bitcoin community occurred in H1 2023 with the emergence of inscription technology, which enabled users to attach any type of arbitrary data to a sat (the smallest unit of a bitcoin). As a result, on-chain art on Bitcoin flourished and gained meaningful adoption. Soon after the emergence of digital art, a new fungible token standard using inscription technology gained significant adoption.

Digital art and fungible tokens not only introduced new use cases for Bitcoin, but more importantly sparked a progressive development movement within the Bitcoin ecosystem.

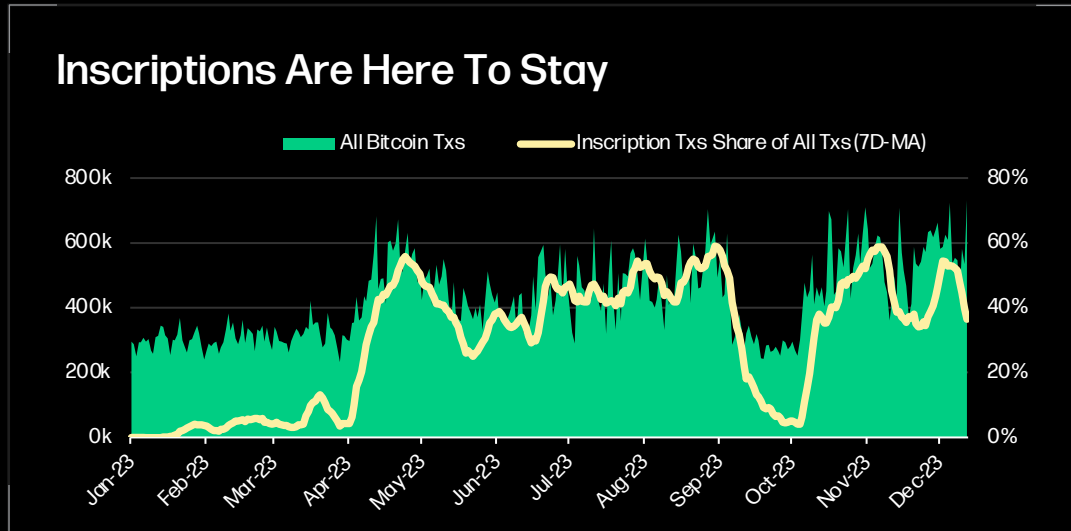


The explosive growth of Ordinals throughout the bear market took the broader NFT ecosystem by surprise. In December 2023, Ordinals and BRC-20s generated over \$881m in trading volume, roughly 53% of all NFT volume that month.

In December, Ordinals and BRC-20 monthly volumes surpassed NFT volumes on Ethereum, Solana, and Polygon combined.

Since January 2023, the total cumulative trading volume for Ordinals and BRC-20s on Bitcoin stands at \$1.8bn, making Bitcoin the second most popular network for digital collectables by trading volume in 2023 after Ethereum.

Bitcoin is clearly positioned to become a major player in the digital collectable ecosystem. A key differentiator for digital collectibles on Bitcoin continues to be that the metadata is stored on-chain by default, unlike Ethereum, Solana, and Polygon.



Other Technical Developments supporting “Bitcoin as a platform”

- **BitVM:** Off-chain virtual machine enabling Bitcoin to support turing-complete smart-contracts. With BitVM, the smart contracts are pre-signed transactions between two parties. The logic of the contract is executed off-chain while the results are posted on-chain.
- **ZK-Rollups:** Projects are exploring using Bitcoin as a data availability layer for off-chain Zero Knowledge Rollups. The ZK-Rollups in development are contingent on future upgrades to Bitcoin.

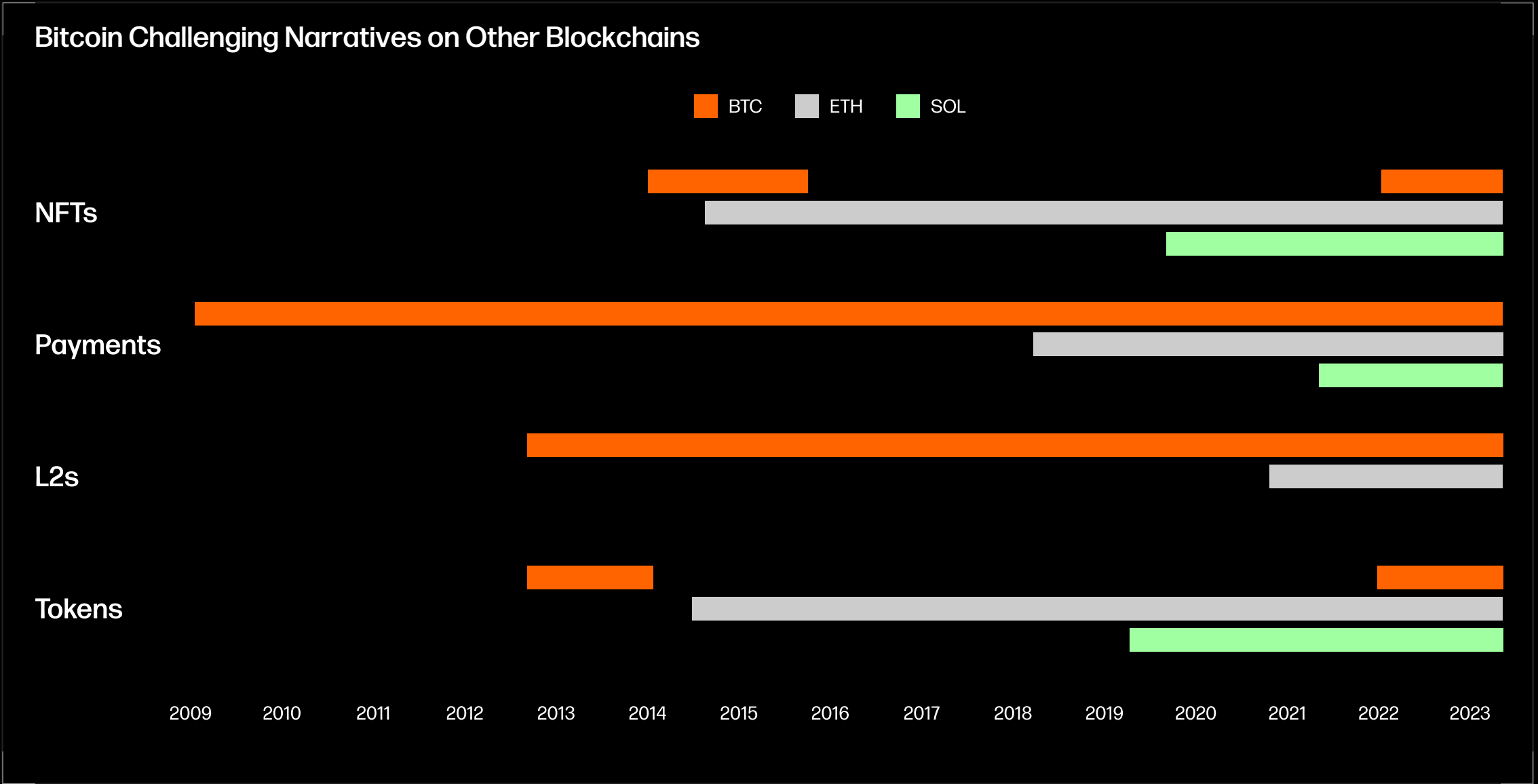
Ordinals and BRC-20 related transactions represent a significant portion of total Bitcoin transactions. At its peak in November 2023, Ordinals and BRC-20 related transactions accounted for 50% of all Bitcoin transactions. The pronounced prevalence of Ordinal and BRC-20 transactions suggests a substantial appetite for fungible tokens and digital collectibles within the Bitcoin ecosystem.

Outlook on Ordinals & BRC-20s

- Digital art on Bitcoin will be a \$5bn+ market by 2025
- All major NFT marketplaces will support Ordinals trading
- BRC-20s will flourish until a new fungible token protocol is battle tested

In 2023, the “Bitcoin as a platform” movement gained substantial traction, leading to a clash of narratives within the Bitcoin community. One faction views Bitcoin as global non-sovereign money, while the other perceives it as a robust platform. The increased focus on Ordinals and tokens on Bitcoin in 2023 underscores a clear cultural shift, emphasizing that Bitcoin is more than just money and digital gold.

A rising wave of progressive Bitcoin advocates is driving the development of infrastructure for digital collectibles, fungible tokens, rollups, smart contracts, and DeFi. Bitcoin is now challenging established narratives for Ethereum and other Layer 1 platforms concurrently, marking a historic shift.



Blank spaces represent time periods when the respective narrative faded