



# Ocean Protocol Investment Report: 2021

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# Creating Value from Big Data: A Promising Investment in the Crypto Space

## Ocean Protocol Aims to Develop a Decentralized Marketplace for the Big Data Industry

According to a report by [Fortune Business Insights](#), the data industry is currently valued at over \$40 billion dollars, and is on track to reach \$116 billion by 2027. PwC, in an older report shared in the Ocean Protocol white paper, projected a more optimistic valuation of commercialized data at \$300 billion by 2018.

This growth trend is due to several factors, including the rise of AI and Machine-learning algorithms, both of which depend greatly on the use of data. More recently there is a need for large amounts of data and analytics to combat the spread of COVID19.

In short, data as a commodity is becoming more and more valuable, while its quantity continues to grow exponentially.

Ocean Protocol hopes to provide a decentralized means for buyers and sellers to access unlimited resources of data, letting the marketplace decide (through a process called “curating” as well as others) which data is valuable amongst the vast quantity of digital information out there.

In this report, I aim to explain what Ocean Protocol is, how it works, its use case and potential benefits, its tokenomics, investment outlook, and potential obstacles in its path.

The information and opinions presented in this report are gathered from the Ocean Protocol whitepaper, the Ocean Protocol Foundation, websites, press, other analysis, and community engagement on social media.

## Ocean Protocol Overview

Ocean Protocol is a decentralized data exchange – a digital marketplace that allows for the distribution and consumption of data between providers and consumers securely and privately without the need for a centralized third party, and without risking intellectual property rights.

The Ocean Protocol ultimately provides a means for companies and governments to share data in a public marketplace while maintaining property rights and profiting with fair and open trading.

The Ocean Protocol network, built using the Ethereum Virtual Machine, is technically a series of smart contracts deployed on the Ethereum mainnet. The Ocean token (OCEAN), an ERC-20 utility token, is the protocol's native token used for staking, governance, and buying and selling data.

The Ocean Protocol is governed by the Ocean Protocol Foundation, a Singapore-based nonprofit that exists to support the growth of the ecosystem and to provide governance and custodian services. It is still in its early phases, but the company is generating interesting use-cases.

The founder of the Ocean Protocol Foundation is Bruce Pons, CEO of Bigchain DB. Bigchain DB, a blockchain technology services company, is contracted by Ocean Protocol to develop its blockchain system capabilities and applications.

Ocean Protocol raised \$28 million in total funding from their ICO and other private fundraising. The ICO token price was \$0.12.

## **Partners, Use-Cases, and Benefits**

Major companies are partnering with Ocean Protocol to experiment with data sharing in a decentralized ecosystem, including Microsoft, Unilever, Aviva, Johnson & Johnson, Roche Diagnostics, ConnectedLife, and Mercedes-Benz (Daimler).

With use cases ranging from the healthcare to the automobile industry, Ocean Protocol has demonstrated that there is a high demand for companies' data, mostly from AI developers. Therefore, companies can privately and securely leverage their data to make substantial profits while accelerating the growth of AI.

Why is this an attractive proposition for companies and data providers?

Importantly, the blockchain keeps a record of all transactions, thus allowing owners of data to maintain control over their ownership. Because data providers aren't selling their data – just licensing the right to use it – they can continue to mine profits off of a single data set by sharing it with many consumers. The upshot is that the more their data is purchased, the more valuable it becomes.

## **OCEAN Tokenomics**

The Ocean token is Ocean Protocol's native asset deployed on the Ethereum network. It is used to buy and sell data, to stake on data in order to add liquidity to the market and earn transaction fees and block rewards, as well as to fund community projects.

Ocean Protocol's website states that there is a total supply of 1.41 billion OCEAN, of which 51% will be released over the coming decades, making OCEAN an inflationary coin. Its current supply is 347.20 million at \$0.55 per token, with a market capitalization of \$229, 296, 502.

According to a Blockfyre report, the percentage of OCEAN on exchanges is relatively low – only 11% out of the total supply.

To break it down further: 20% of the total supply is allocated with the founders, 5% with the foundation, 15% with investors, and the remaining 60% to miners or “keepers.” The steady inflation rate ensures liquidity for block rewards while the protocol is still being rolled out in its early phases, and shrinks as time goes on and the system becomes more active (with more transaction fees and speculators).

*Price history looks like this:*



Since its launch, OCEAN has increased by 1,464%. It is currently listed on Binance and has yet to be listed on Coinbase and several other exchanges. Coinbase has stated that they are exploring the possibility of supporting OCEAN. So, in terms of exchange presence, OCEAN still has a way to go, and can expect a big boost in the near future.

## **Investment Outlook**

In terms of fundamentals, the investment outlook looks promising. As we enter a new generation of tech products, our world and its economic landscape will change significantly, with data playing a vital role. From self-automated machines, IoT and 5G infrastructure, Web 3.0 applications, and AI, we can expect the data market to grow exponentially. Digital information represents a unique commodity, and will require a

new economic model for it as well. The social and economic challenges brought about by new technology will require new solutions.

Looking at the bigger picture, 2020 has been a turning point for cryptocurrency with [institutional investment](#) rising to new highs. Governments are also showing interest in digital assets, with a few notable CBDC programs making significant progress. As finance becomes more digitalized, we can expect non-traditional views on digital assets to gain further traction, and for the way the public views digital information to change significantly.

In light of this technical and digital revolution, and if (a strong if) there is a future in Web 3.0, then Ocean Protocol represents an intriguing investment opportunity. The main obstacles I foresee concern the pricing of digital commodities like data, which opens an entirely new set of problems, in addition to the preexisting problems surrounding blockchain technology and its adoption.

For Ocean Protocol to gain value, it needs to be profitable, convenient to use, and secure for both data providers and consumers. The marketplace has to function optimally to attract sellers via its ease of use, access to buyers, and low costs. So far, it has managed to succeed with several use-cases across a range of industries.

The long-term price trend looks bullish for OCEAN, with many analysts forecasting a price around the \$1 dollar mark in 2021, which would amount to >100% increase. In 5 years, bullish analysts forecast the price anywhere from \$3-10 dollars. By 2030, the system will be live, and we should see its valuation peak.

These price projections, the growing awareness in the community about OCEAN due to their marketing efforts, and growing interest from exchanges that currently hold only a small amount of the total circulating supply, imply that OCEAN is currently under-valued.

## **Concluding Remarks**

Ocean Protocol is a solid project with considerable partnerships and use-cases. It aims to solve important problems in the big data industry related to market constraints, unfavorable centralization, and a lack of transparency and privacy when exchanging data assets.

A long-term investment strategy is likely the best approach at the moment as OCEAN is showing promising signs in its roadmap with many brand partnerships. Furthermore, Blockfyre analysis sees the product and its use-case as undervalued and underutilized.

Although partnerships are an important sign of interest, they don't necessarily represent adoption of the technology. Therefore, it is still a risky endeavor and largely speculative to invest in crypto assets until large enterprises and institutions accept decentralized technology and reap the rewards from it.

