

Digital Assets And Digital Asset Management (DAM)

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The age of information has witnessed technology to be an instrument of exponential advancement in civilization. Today, data, images, and digital currencies have garnered significant importance equivalent to physical assets. Digital assets primarily consist of commodities such as images, documents, data, or cryptocurrency which are held in digital format and can be assigned a specific value. The interest in possessing fintech digital assets has garnered significant importance in recent days [1].

Following the introduction of the first cryptocurrency, Bitcoin, in 2008, the concept of blockchain grew in relevance [2]. The concept, in principle, was not new because digital assets had already garnered value by then and required security measures, management, and storage. For a digital asset to be considered an asset, it must satisfy certain conditions:

- The digital asset must have the potential to create value for the owner.
- The ownership of the digital asset should be transferable via purchase, gift, etc.
- The digital asset must be discoverable and stored in some place accessible. With the increasing value generated by digital assets, service providers for Digital Asset Management ("DAM") have emerged. DAM ensures digital security for organizations and businesses and allows them to store, organize and access their digital assets securely and quickly. This article will explain what digital assets are and the significance of Digital Asset Management in the following ways:

- What are digital assets?
- Is Bitcoin a digital asset?
- What is Digital Asset Management (DAM)?
- Working of DAM and how it helps businesses

What Is A Digital Asset?

As per Gartner's Glossary, digital assets are any digital materials that are owned by a business or an individual [3]. It includes any text, graphics, video, audio, images, documents, and presentations that create some sort of value for the individual or the enterprise.

Broadly, digital assets are of the following types:

- Photos, including logos and illustrations
- Graphics, including videos, animations, and 3D files
- Documents, including PDFs, design files, and spreadsheets

- Audio and music
 - Content, including manuscripts, emails, and books
 - Metadata
 - Accounts, including social media accounts and gaming accounts
- With the introduction of blockchain technology, several commodities and crypto assets including but not limited to the ones set out below were included within the ambit of digital assets.
- Cryptocurrency: A unit of currency which exists in the form of an encrypted data string
 - Non-Fungible Tokens (“NFT”s): Unique cryptographic tokens
 - Stablecoins: A digital currency backed by the value of an underlying asset
 - Tokenized Assets: Tokens corresponding to the value of assets such as gold or oil
 - Security Tokens: Tokenized security based on a blockchain representing traditional assets such as stocks, commodities, debts, and real estate
 - Central Bank Digital Currencies (“CBDC”): A digital currency in the form of a country’s legal tender currency

Having identified the commonly known digital assets, it is crucial to note that with the introduction of new and upcoming digital formats in businesses, the definition of digital assets is a dynamic one and continues to expand [4].

Is Bitcoin a Digital Asset?

Bitcoin is the most well-known cryptocurrency which fulfils the conditions for a digital asset because:

- It creates value for the owner as it is used as currency on the digital platform
- It is a transferable asset as it can be purchased and sold and is an investible instrument
- It is discoverable and stored in an accessible digital wallet
- Bitcoin transactions are discoverable via the blockchain

Although Bitcoin is a cryptocurrency, its features also make it closer to assets or commodities because its circulation cannot be directly altered like fiat currencies. Since Bitcoin is restricted to a digital platform, it can be construed as a digital asset. Furthermore, in terms of cryptocurrency, such as Bitcoin, a digital asset is created or minted when new information is added to a specific blockchain. These blockchain entries aid the users to exchange the already existing digital assets and create new digital assets as well [5].

The total dollar value of all the coins that have been mined is known as coin market capitalization or coin market cap. Coin market cap is important to determine the stability of an asset, and investors also use this to compare the values across cryptocurrencies [6].

What is Digital Asset Management?

An organization’s digital assets can be efficiently stored, organized, managed, retrieved, and distributed using a software and system solution known as DAM. Many enterprises can develop a centralized location where they can access their digital assets by using DAM functionality.

For cryptocurrency, the equivalent of digital asset management is crypto asset management. Investors can access blockchain or cryptocurrency assets through a variety of channels with the help of crypto asset management, which is often provided as a full or partial services solution. These services can

be offered by crypto asset management firms directly or through a third-party service provider. These firms oversee choosing the right crypto assets for their clients' portfolios, monitoring and assessing the performance of those assets, guiding novice investors through the crypto market, and offering all-around support as required [7].

The prospect of strong and heavy returns is what drives investors to invest in crypto assets. Another part of the appeal of crypto assets is the protection that blockchain technology offers. Manipulating transactions on the blockchain is highly improbable as they cannot be changed or deleted. Transactions also demand a two-factor authentication procedure wherein a public key and a private key are used to access crypto assets [8]. The blockchain automatically updates the ledger as an investor adds more and more digital transactions.

Working Of DAM And How It Helps Businesses

A DAM solution consists of several steps:

- Creating the asset: Standardized templates are used to prepare digital files for encoding, which makes document search easy.
- Encoding and indexing: Metadata helps in identifying digital assets through the attributes of the asset such as type, version, etc. This leads to easier searching.
- Workflows: The indexing is then used to enable task and process automation.
- Version control: It ensures that the latest version of the asset is utilized for workflow and carried forward.
- Governance through permissions: This ensures that only entities who have been granted access can use the asset. It protects assets from theft, accidental corruption, or erasure.
- Auditing: An internal audit is required to evaluate the efficiency of the DAM software so that it can be further improved. In addition, regulatory bodies also conduct audits of the DAM solution to ensure their compliance with regulations.

Crypto asset management is a subset of DAM, which is used to ensure the security and efficient use of crypto assets via blockchain technology.

DAM benefits businesses because:

- It ensures that production costs are reduced and there is better resource allocation
- It ensures transparency in the organization and increases collaboration among the different departments
- It aids the business to personalize the customer experience based on the user's stage of the buyer journey, which further helps in customer retention
- It uses metadata to significantly reduce the time users spend finding assets
- It ensures consistency in the visual representation, messaging, and positioning of the brand.

Conclusion

The growing importance of digital assets has increased market interest to invest and possess digital and crypto assets. Financial institutions and other organizations are reconsidering their strategic approach towards conducting business. The entire financial market is being upended by digital assets, which is changing the financial ecology. Blockchain is also gathering a lot of momentum and forcing critical aspects of businesses to get acclimatized to the changing scenario. Keeping up with the evolving digital landscape, the Indian Government has launched India's first digital asset

management platform called DigiBoxx [9].

Considering this rapid proliferation of digital assets, digital asset management becomes crucial to ensure that businesses can grow with the use of digital assets. This requires a strong command of the underlying technologies. These technologies have the potential to transform business models around the globe and across sectors. However, businesses must evolve their strategies cautiously considering the risks that come with digital assets, especially cryptocurrency.

Frequently Asked Questions (FAQs)

What is a digital asset business?

A business that utilizes digital assets, i.e., assets held digitally that add to the value of a business and are discoverable and stored in an accessible manner. A business that utilizes cryptocurrency and crypto assets is also a digital asset business.

What is a digital asset investment?

When businesses or entities invest in digital assets, primarily via the blockchain technologies, such as cryptocurrency, NFTs, etc., it is referred to as digital asset investment.

What is the difference between digital assets and cryptocurrency?

A digital asset is part of the wider terminology that includes digital files, videos, images, etc., along with cryptocurrency, tokens, etc. utilized via blockchain technology. Cryptocurrency is a subset of digital assets.

How does DAM function?

Standardized templates are used to prepare digital files for encoding, which makes asset search easy. By using the qualities of the asset, such as type or version, the metadata aids in the identification of digital assets. Activity and workflow accountability is implemented by management with authorisations, internal review, and version controls.

What are the benefits of digital asset management?

Digital asset management ensures transparency in an organisation and improves collaboration between its various departments. It helps by adding value to the process of customer retention. Metadata is used to cut down on the amount of time users have to spend looking for assets, thereby making the functioning of the organisation optimum.

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