

HOW CAN WE VALUE CRYPTOCURRENCIES & ARE WE IN A BUBBLE?

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PAST EXPERIENCE



venmo



earnest



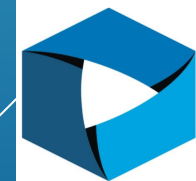
Milbank

Background

Value

Bitcoin

Industry



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HOW CAN WE VALUE CRYPTOCURRENCIES?

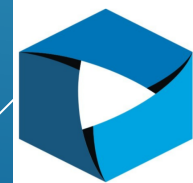
- Price
- Market Capitalization
- Potential Market
- Willingness to Pay

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WHAT IS A VENTURE CAPITALIST?

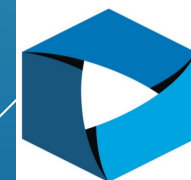
Investopedia: “A venture capitalist is an investor who either provides capital to startup ventures or supports small companies that wish to expand but do not have access to equities markets.”

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VENTURE CAPITALIST QUESTIONS

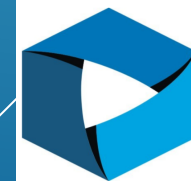
- What is the problem?
- Is this the correct tech to solve the problem?
- Is the team capable of building the solution?
- How big is the market for the solution?
- Why will this solution win in the end?

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BUBBLES GENERALLY

Bubbles are generally characterized by:

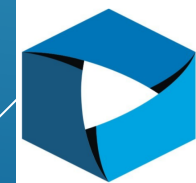
- Rapid escalations in the price of assets,
- Fueled by speculation, and
- The escalation is not justified by the underlying fundamentals of the asset.

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WHAT IS BITCOIN?



Bitcoin: A Peer-to-Peer Electronic Cash System

Satoshi Nakamoto
satoshi@gmx.com
www.bitcoin.org

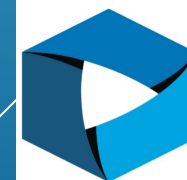
Abstract. A purely peer-to-peer version of electronic cash would allow online payments to be sent directly from one party to another without going through a financial institution. Digital signatures provide part of the solution, but the main benefits are lost if a trusted third party is still required to prevent double-spending. We propose a solution to the double-spending problem using a peer-to-peer network. The network timestamps transactions by hashing them into an ongoing chain of hash-based proof-of-work, forming a record that cannot be changed without redoing the proof-of-work. The longest chain not only serves as proof of the sequence of events witnessed, but proof that it came from the largest pool of CPU power. As long as a majority of CPU power is controlled by nodes that are not cooperating to attack the network, they'll generate the longest chain and overpower attackers. The network itself requires minimal structure. Messages are broadcast on a best effort basis, and nodes can leave and rejoin the network at will, accepting the longest proof-of-work chain as proof of what happened while they were gone.

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WHAT IS THE PROBLEM?

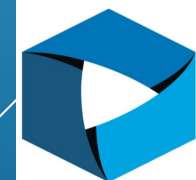
P2P Transfers Can Be Expensive

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IS THIS AN APPROPRIATE SOLUTION?

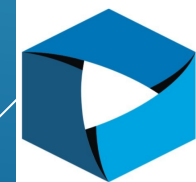
It Is The First Decentralized Cash System

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IS THIS THE RIGHT TEAM?

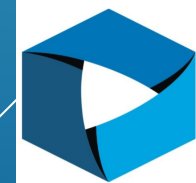
Block Size Debate vs. Developer Traction

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HOW BIG IS THE MARKET

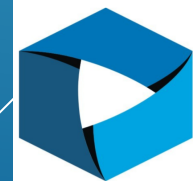
- Remittances
- Store of Value
- Settlement
- ...Many More

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WHY WILL THIS SOLUTION WIN?

Network Effects

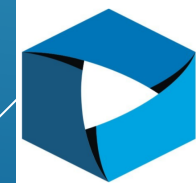
Something becomes more valuable when more people use it

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WHY WILL THIS SOLUTION WIN?

Speculation

Consumers

Security/Miners

Developers

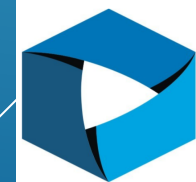
Token Liquidity

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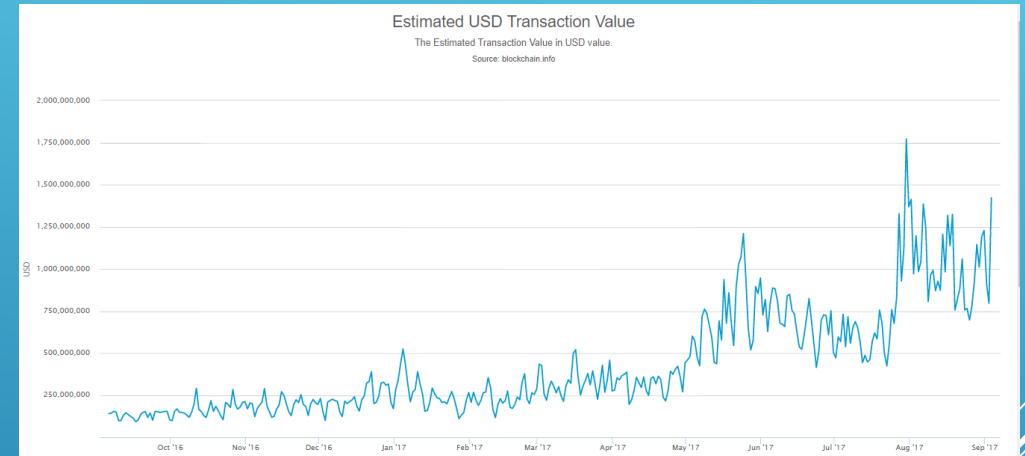


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IS BITCOIN IN A BUBBLE?



Average Transaction Fee (USD)
Bitinfocharts.com



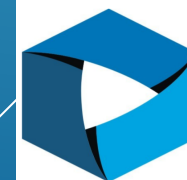
Transaction Volume (USD)
Blockchain.info

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CHARACTERIZING CRYPTOCURRENCIES

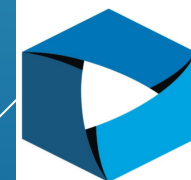
- **Currency?**
- **Ownership?**
- **Commodity/Other Asset?**

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WHAT IS THE PROBLEM?

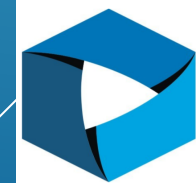
Smart Contracts, Identity Management,
Storage, Gaming...

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IS THIS AN APPROPRIATE SOLUTION?

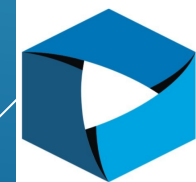
Case by Case Basis

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IS THIS THE RIGHT TEAM?

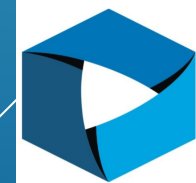
Case by Case Basis

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HOW BIG IS THE MARKET?

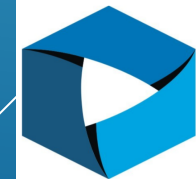
Potentially Anything Requiring a Third Party Intermediary

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WHY WILL THIS WIN?

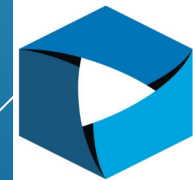
Individual Token vs. Blockchain

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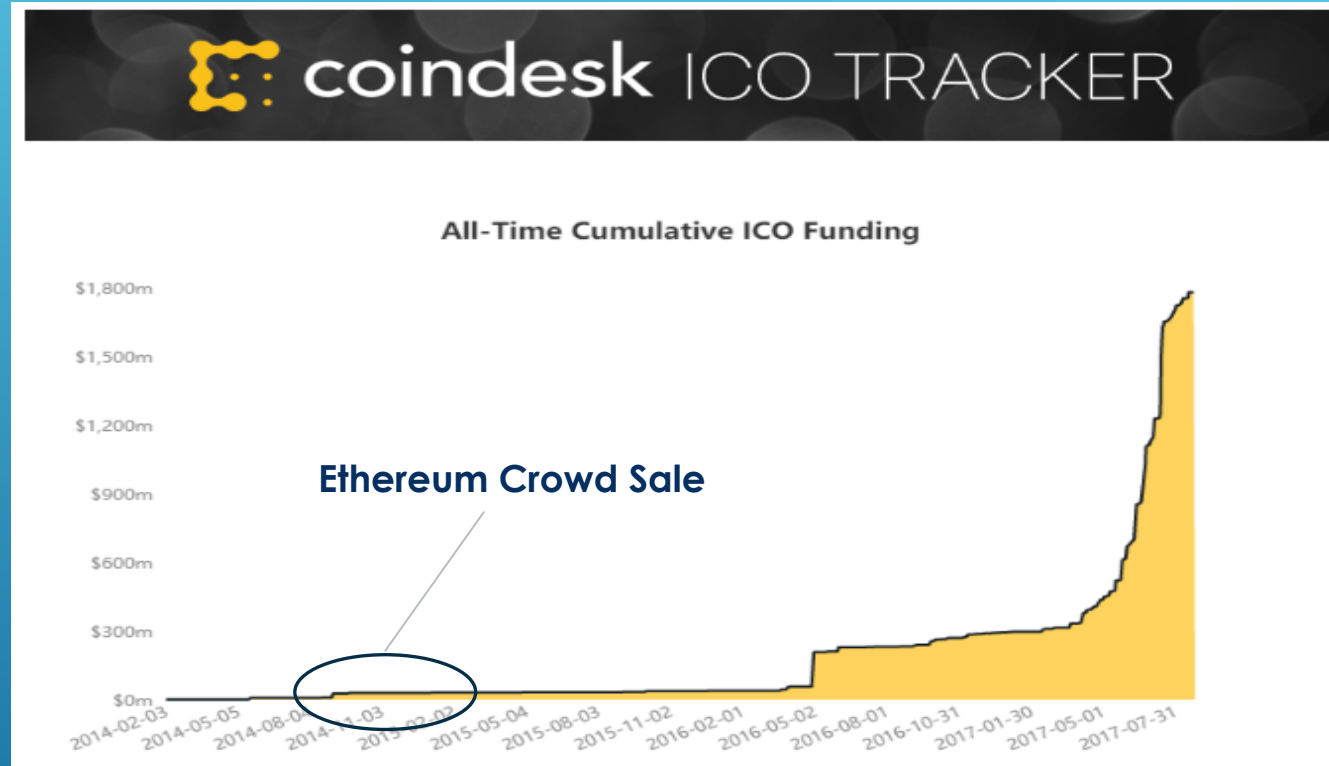
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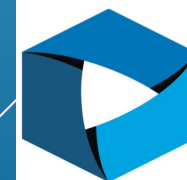


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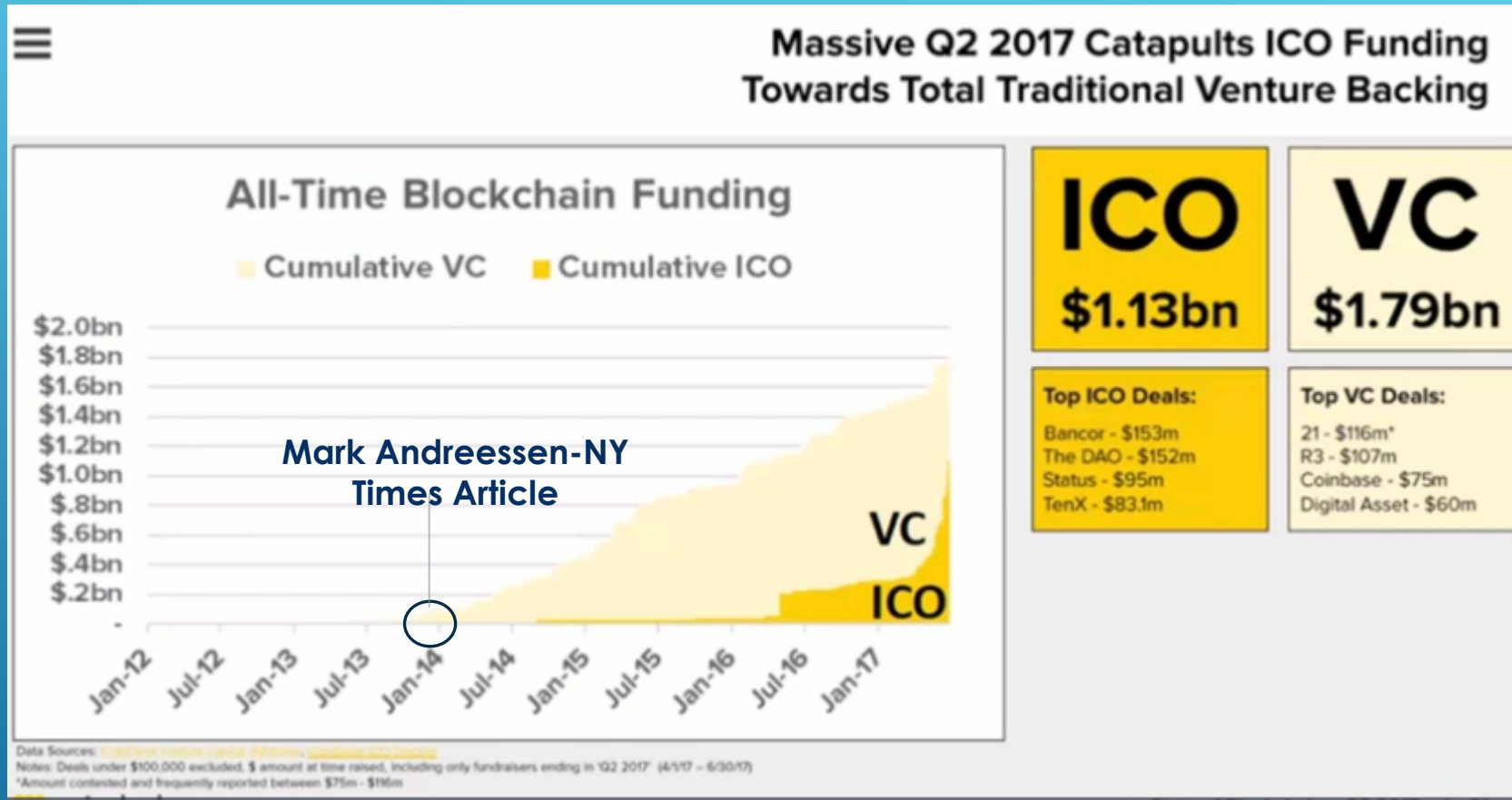
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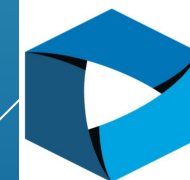


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WHY BLOCKCHAIN WILL WIN

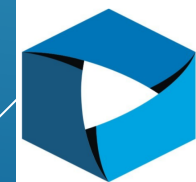
“First, Bitcoin [blockchain technology], at its most fundamental level is a breakthrough in computer science – one that builds on 20 years of research into cryptographic currency, and 40 years of research in cryptography, by thousands of researchers around the world.” –Mark Andreessen

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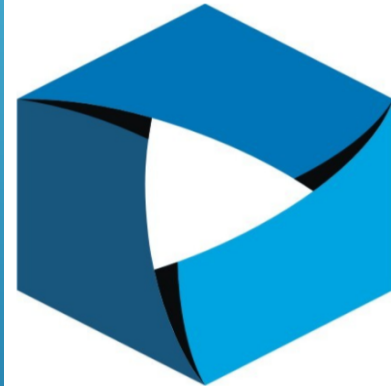
QUESTIONS?

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