

CRYPTO

A new series on AI, Blockchain, Cryptocurrency and Tokenisation

PARTNER CONTENT

CITY A.M.'S CRYPTO INSIDER

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Kiev Calling! Last week I spent five days in Kiev, the bustling cosmopolitan capital of Ukraine. Apart from being a stunning city it is crammed with dynamic young talent in the world of Blockchain and Crypto - echoing the name of their beloved FC Dynamo Kyiv.



I met Gleb Udoychenko in the offices of Krypton Capital, a leading early stage venture firm, founded in 2017 by Ilan Tzorya, to invest in Crypto-related businesses worldwide and to establish a strong ecosystem of companies that help each other to success. In effect, a full service offering that has raised over US\$300m. Gleb, himself a tech entrepreneur having launched charging stations for electric vehicles in Kiev, is working on Krypton Events and their NEXT BLOCK Conference is taking place on 14 September in Sofia, Bulgaria (www.kryptonevents.com)

Peter Teluk, a US born Ukrainian lawyer and a friend of mine, organised for me to meet the extraordinary young and talented Ilya Kowalewski (Westernised to Ian Byrd) As a 13-year old he was keen to get a Google t-shirt which he did by winning the Google coding prize, not just once but twice! It was therefore unsurprising that his brightness was dazzling. He immediately made me think I'm in the presence of someone who at nineteen is the same age as Vitalik Buterin when he proposed Ethereum.

Ian could easily change the world with his novel Proof-of-Truth algorithm, first mentioned as a concept in his blog March 13, 2018 (www.byrd.im) and now in development by his company Veritas (www.veritas.icu) He explained to me "Veritas is a decentralised knowledge base; proved, maintained and sustained by the Proof-of-Truth algorithm. It will allow collectively for proof-reading, cross-checking and will eventually be able to fund any provable piece of knowledge whether facts, scientific work, journalism or constructive debate. Truth brings you money but lies and incompetence just let you lose more!" His love of epistemology, the branch of philosophy that examines the nature of knowledge, its presuppositions and foundations, and its extent and validity, is clearly his inspiration!

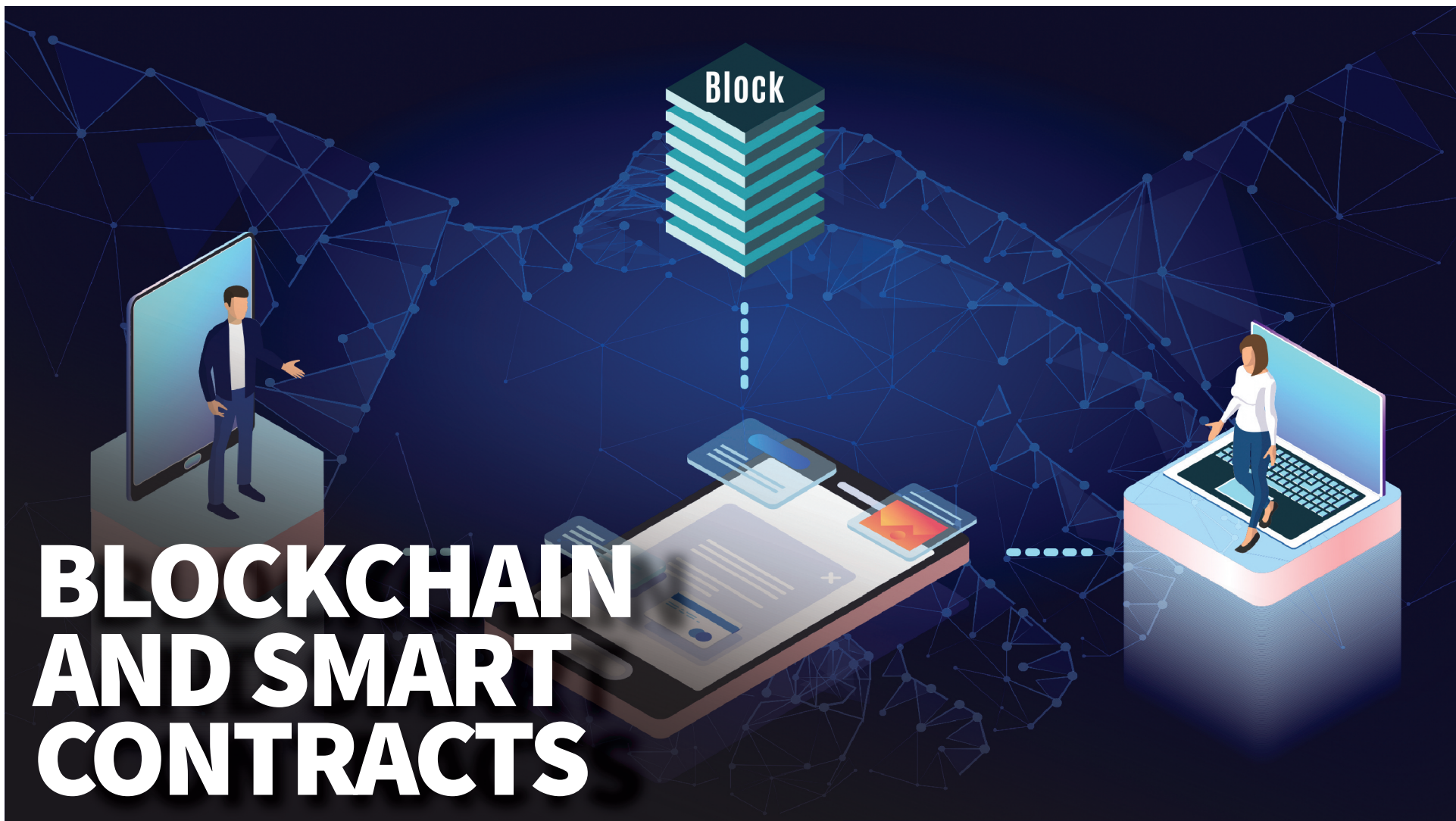
The Blockchain revolution, it seems, has now grown into the nightlife and leisure sectors. Back in London, I met up with Anna Frankowska, Co-Founder & CEO of Nitechain which aims to make the nightlife experience better than ever. Nitechain is a protocol and platform for nightlife consumers, businesses and apps. It enables rewards for people for bringing value, such as giving recommendations, inviting more friends out, venue loyalty, spending and up-voting. The Nitecoin token can be spent on buying tickets, tipping DJs, paying for drinks. So for anyone who's ever been frustrated on a night out, Anna's solution could well be the answer.

Blockchain will do for contracts what email did for communications. Or it won't. Blockchain is one of the most polarising of the current emerging technologies, not just because of the range of views on its use in Bitcoin and other crypto, but also because of its potential application in contracts. So why are people so exercised about something which is fundamentally just another information technology?

Smart contracts are one of the reasons. A smart contract is one which is self-executing. In other words, once it is programmed, the parties' obligations are performed automatically. Payments are made, assets are transferred without human intervention. Not all blockchain use cases involve smart contracts. Many current blockchain applications relate to payments, supply chain optimisation and licensing. Most of these still require human input. The latest use cases look beyond this, however, and consumer applications are developing.

There are two kinds of contracts: ones that are completed immediately (like buying an ice cream) and ones that are completed over time (like borrowing money). In the second type, there is a relationship between the parties.

People who work with contracts normally work on the second type because those contracts need somebody to describe (and predict) the relationship between the parties. These people point out that the contracts are hard to put on a blockchain. If the contract says: "do something if there is a material change", or "do something if LIBOR hits x%" we have a problem. In the first case, the blockchain technology doesn't know what 'material' is. In the second case, it doesn't know what to do when LIBOR is replaced. So people who work in contracts say that blockchain technology is a bit binary. Complex commercial arrangements aren't simply about



BLOCKCHAIN AND SMART CONTRACTS

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title transfer or recording information. They also don't operate automatically. People still have to make judgments and decisions and, whatever a contract says, context and fairness are important.

WHEN WE THINK LIKE THIS WE MISS SOME OF THE POINT:
• Many consumer-facing transac-

tions are binary - there are far more transactions involving selling ice-cream than there are making loans
• The internet of things, another emerging technology which is disrupting business at the same time as blockchain technology, is automatic - when connected machines talk to each other there is simply too much information for it to be mediated through humans
• Everything gets commoditised - arrangements that used to take time and be individually negotiated become standardised
• We saw a similar trajectory in the early days of digital money. The business imperative here was always about removing friction from transactions. That was what customers

wanted. Payments should be invisible (subject to assurance that the customer intended to make the payment). e-commerce was the same. As businesses moved on-line they could see that removing "clicks" from their sale administration process increased their conversion rate. Blockchain technology brings real

benefits in reducing friction. Transactions, which are synchronised, verified and secure, are highly efficient. More efficiency still will be delivered by building artificial intelligence into the systems so that they are able to react dynamically to circumstances and, ultimately, start to learn to deal without examples of materiality and replacement oracles.

We sometimes see objections that blockchain is too open: you don't need all your customers on your network. Or that smart contracts aren't needed for simple transactions. These points are functionally true but ignore a different point: repeat customers, network effects, communities, and positive brand association are common features of each generation of successful companies in the digital economy.

Clearly there are challenges. In addition to the points noted above around concepts such as materiality and obsolete references, blockchains throw up questions of data protection. In addition, where a blockchain is used for consumer sales, we need to work in rules from sale of goods legislation and the like. That doesn't mean that businesses won't use blockchain. Reducing friction, increasing brand value through "community" programmes and being able to update legal and accounting records in real time are the kind of improvements that digital businesses are continually looking to make. That is what blockchain technology can help to do. We can expect to see a next wave of applications in consumer-facing businesses alongside those in industry.

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City A.M.'s Crypto Insider speaks to Christopher Woodrow, CEO of Entertainment Financing Platform MovieCoin

Despite its foray into the 21st Century with digital streaming and special effects, the \$2 trillion global entertainment industry's back-end is in dire need of an upgrade. Poor transparency and an overreliance on "middlemen," for example, present several cost and efficiency challenges that need addressing if the industry will ever realize its full potential.

I sat down with MovieCoin's Founder, Chairman and CEO Christopher Woodrow to discuss the pain points in entertainment industry financing and how the right combination of blockchain and tokenization technology can resolve these issues. A film financier and producer in his own right, Christopher has navigated these industry challenges to secure box office success with several feature films, including "Black Mass," "Hacksaw Ridge," and four-time Academy Award winner "Birdman."

"Major studios typically finance their productions using a handful of well-con-

nected partners," said Woodrow. "For this reason, many firms, funds and accredited investors looking to invest in mainstream projects find themselves without the access needed to do so. Instead, they're limited to financing independent productions that struggle to find adequate distribution, or buying shares in a film studio's parent company instead."

"Another challenge is liquidity. The contractual arrangements between financiers and producers are often murky,

Blockchain provides more transparency than traditional entertainment financing

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difficult to compare and lack an established secondary market on which investors can trade these assets."

Essentially, MovieCoin wants to resolve these problems by creating slates of high-quality films that are packaged

into "smart funds." These fund vehicles, managed on MovieCoin's platform, provide accredited investors with the ready access to quality film and entertainment assets they've been seeking. Any investor that buys a stake in the fund re-

ceives MovieCoin Smart Fund "MSF" Tokens in return, which are digital securities that can be bought, sold and stored on the Ethereum blockchain in real-time using digital wallets. MovieCoin built its platform with the help of BANKEX, a leading blockchain fintech company that facilitates the digitization, tokenization and online exchange of traditional assets. Blockchain also provides more transparency than traditional entertainment financing, allowing investors to see how their capital is being deployed and what residuals are owed to them throughout an entertainment asset's lifecycle.

"MovieCoin's debut Fund will finance eight to ten quality theatrical films each year, sourced by our team of seasoned media executives," explained Woodrow. "Each film will comprise an A-list cast, a top-tier producer and a highly-acclaimed director. The Fund will keep commercial rights to the films it finances, building a valuable content library over time that benefits MSF Token holders."

"When it comes to investment and transactions, the film industry is truly the modern wild west," finished Woodrow. "Our platform provides the structure and standardization required to streamline operations, creating an improved experience for investors, industry professionals and entertainment enthusiasts alike."



Rick O'Neill, Founder of Look, Touch & Feel - a Specialist Digital Marketing Agency, pulls back the curtains on ICOs, and their Marketing campaigns, to reveal the real indicators of potential success and failure.

Last week we looked at Brand. This week I want to talk about why it's now more important than ever that an ICO has an MVP.

News Flash! To be in business, you need a product. It's no longer acceptable for an ICO project to have no more than a White Paper and expect to raise millions. Those days are long gone. Any ICO/TGE now must have a Minimum Viable Product (MVP) which has some key functionality - it doesn't have to look great, but it has to work, and you ideally want to see some real users interacting with it. Take, for example, the approach that Auditchain™ are

taking with their project - they are not only going to have a fully functional MVP of their Decentralized Continuous Audit & Reporting Protocol Ecosystem™ built and ready before they open their TGE (Token Generation Event), but they are also going to use their own MVP to run their Sale with Streaming Financial Statements. That's awesome and really leads the way for more developed, authentic, ICO projects in future.

Marketing Strategies for ICOs need to change to incorporate the need to market the Product, as much (if not more) than the Token, and to

incorporate the effort to attract real users. Projects that you see taking this approach are to be studied further and applauded. It's business basics for those of us that have been in the game for years, but for some the ICO is their first business, and their expectations are skewed.

Steer clear of ICOs that are just driving traffic to their Token Sale, and look for those marketing their platform and seeking to pick up users for demos etc. What comes with that is the communities they grow around them are then also users, and so bigger advocates of the project and a stronger foundation for success.



AUDITCHAIN
auditchain.com



tokenlounge.io

LBX SPECIAL ANNOUNCEMENT

Nano hits the UK Market

A relatively new cryptocurrency is about to become available to trade in British Pounds for the first time.

Nano, which will be listed on London Block Exchange (LBX) in August, is an interesting coin, solving two major issues associated with traditional cryptocurrency - lengthy transaction times and associated transfer fees.

In a nutshell, Nano uses something called a block lattice, which removes the need for mining, resulting in a currency that can be sent instantly and with zero fees whatsoever.

Since its creation in 2015 it has proven popular - making it into the top 50 cryptos in terms of market cap.

And in celebration of Nano coming to the UK market, LBX and Nano have partnered to give away £5,000 worth of the coin to one lucky winner.

They're calling it the Nano 'Real Crypto Hunt' - as the exchange is releasing clues over the coming weeks to help people locate the prize.

Remarking on Nano hitting the UK, London Block Exchange CEO and Founder Benjamin Dives said:

"When it comes to crypto with immense real-world potential, Nano is right up there with the biggest Blockchain projects, with good prospects for adoption, simplicity and ease of use."

Nano Creator Colin LeMahieu added: "Our team is thrilled that Nano will be listed on LBX, a premier cryptocurrency exchange here in the UK. As Nano is a global currency, it is important that users have a simple and direct path to Nano with their local currency. LBX provides just that."

You can learn more about Nano at Nano.org or get involved in the £5,000 crypto hunt at LBX.com/RealCryptoHunt.

Next week, watch this space for the new LBX Weekly Market Overview in CityAM, Crypto



TEAM BLOCKCHAIN
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ICO NEWS



'Exodus': Top Talent Heading to Cryptoland?

If you want to know what the future holds then one of the better ways, especially for the near term, is to see where the top talent are investing their time and careers.

In another strong signal that cryptocurrencies are here to stay and that blockchain innovation will redefine the mainstream, in much the way that the web did from 1998, high flyers are increasingly heading to cryptoland, even in favour of Wall Street.

According to Michael Chang, who leads the Wachsmann Strategic Advisory Group "There's a first-of-its-kind trend happening right now on Wall Street. Top executives from the world's leading multinationals, including the Big Four, are showing signs of a mass exodus from old-school investment banking and consulting for a chance to join the Blockchain startup movement".

But it's not just about the money, it's a "once in a generation" chance to do something positive which will improve the lives of many, at the same time. That will lead to greater transparency and accountability and greater security, he says. Plus of course it's invaluable experience for the future if you think, as many clearly do, this is it.

But the money's there too, and it's happening faster: While payment processor Square took three years to reach a \$1B

valuation Coinbase required less than a year to be valued at \$8B and has now secured a gargantuan investment worth \$20B.

Meanwhile the first 'Industry Overview' report from the UK All Party Parliamentary Group recently concluded that the UK can become a global hub for blockchain, having the "resources as well as industrial and governmental will". The report posits that this can become a "next generation Digital Crypto Economy by approximately 2022".

But there's no place for complacency - we are not yet on-track. We're barely out of the starting blocks and several centres are already well ahead of us.

While this report is welcome, and a good start, what's urgently needed is education and training:

"Companies are increasingly looking to the UK's pool of talent and capital. The common theme is the need to understand more about Blockchain and how it can help them to stay ahead of competitors" says Jonny Fry, CEO of TeamBlockchain. "which is why we've recently started running workshops to help organisation, also introducing them to specialists and real companies that are already harnessing blockchain technology".

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