CRYPTO A.M.

Our series on AI, Blockchain, Cryptoassets and Tokenisation

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PARTNER CONTENT

CITY A.M.'S CRYPTO INSIDER

JAMES BOWATER

Greetings from Gatwick Airport as I board a flight across the Atlantic to attend the IOHK Summit 2019 in Miami.

IOHK is the Wyoming-headquartered scientific engine room for, and also the third pillar of, Cardano (ADA). This is the first time that this annual gathering has been opened to the public.

If you are regular readers you will know that I added ADA onto my watchlist earlier this year since when the news-flow has been positive and regular in advance of this landmark conference. Since its most recent low of US$0.027 in December 2018, ADA has been as high as US$0.091 this year.

The market has been relatively stable since last week's *Crypto A.M.* and, at the time of writing, Bitcoin (BTC) is trading at US$5,150.28; Ethereum (ETH) at US$167.01; Ripple (XRP) at US$0.3279; Binance (BNB) at US$19.92 and Cardano (ADA) at US$0.08322. Overall Market Cap is slightly down at US$175.57bn (data source: www.CryptoCompare.com).

Sometime late last year I met up with my close friend Ranald Macdonald who founded Boisdale, the restaurant group currently celebrating its 30th anniversary, to discuss the idea of his City outpost Boisdale of Bishopsgate accepting Bitcoin as a method of payment. Brainchild of the restaurant's general manager, Inès Jankowska, I'm delighted to say that it is now accepting BTC. Given its close proximity to Shoreditch, the epicentre of London's blockchain scene, I have no doubt will garner a whole new eager audience to its tables!

Last week in London's West End, I had the pleasure of meeting Jeff Hancock at the inaugural Crypto Poker tournament (see 'Crypto A.M. Industry Voices' on opposite page). He is the founder and CEO of digital asset exchange getFIFO.io (whose name stands for 'get fiat in, get fiat out').

Having recently worked for the legendary SoftBank Vision Fund and using his wealth of experience Jeff formed getFIFO as a fintech start-up. Jeff and his team launched getFIFO because there was a lack of GBP fiat on-ramps to the cryptocurrency markets for regular investors in the UK. There were some services available, but they carried off putting high limits and / or high fees for banking GBP. getFIFO are now set to break this mould and have created a service with fair and transparent fees while adding maximum client value every step of the way. With no deposit fees, a flat 1.39% on all trades, minimal withdrawal fees and multiple layers of security, getFIFO has a formula that could rival major exchanges in the UK market.

Happily I have secured all *City A.M.* readers a special offer of 20% off all trades for 60 days after registration. You can sign up using promo code CRYPTOAM at getFIFO.io – do email me with any feedback!

When the Initial Coin Offering (ICO) hype hit fever pitch in 2017 projects were selling hopes and dreams as they if they were just around the corner, and this 'blockchain' thing was about to change our lives forever.

It changed many people's lives for the better, and made a lot of millionaires – but not everyone's. Thousands, if not more, globally were financially crippled by this market that had promised so much but yet was built purely upon fantastical promises and delusions of grandeur – company executives who believed their own bullshit.

They clamoured for more money, raising irresponsible figures that were simply not needed. And these poor souls poured their savings into this, not wanting to miss out on the bright future that was promised for the planet and their wallets.

FOCUS ON THE TANGIBLE

Now, this may seem dark and dreary, but I will always be a realist. If something stinks, don't pretend it doesn't. Try washing it. If it still stinks, throw it away. We as an industry need to start looking at deliverables and what lies just around the corner that will tangible in the short term, and start talking about that.

The fault of this hype cycle lies in many places, but one thing is for sure – no one who has run an ICO in the past two years can truly say that they didn't gloss things up beyond what would fair and acceptable in a regulated sale such as an Initial Public Offering (IPO).

There are scores of projects with investors. And let's not pretend they're not investors as they put money in expecting a greater return than what they started with, who are craving liquidity and purpose for their tokens only to be told that aspect is now going to be on the backburner or even that the tokens may never actually hold a purpose.

Bitcoin has seen huge returns and there were many tokens that created millionaires overnight, in some cases.

LET'S TAKE THE LEAD ON ETHICAL MARKETING

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This has led to people looking for the next get-rich-quick scheme, and without regulation and proper education this creates an environment that is rife with easy targets for scammers and inflated hope of earning money.

Traditional markets are not saviours of the universe by means– look at fast-food advertising and big pharma in the US. They, too, prey on people's desires and propensity to crave satisfaction at a chemical level, lusting for the release of endorphins from a perceived success. In the end, though, this leads to an emptiness and a constant need for stimulation that can make rational thought depart. This is also known as addiction.

THREE PHASES OF DEVELOPMENT

So, what's next? Marketing and advertising a product is deeply rooted in the development and growth of a business right from the start. Brands come and go, get acquired and change with times very often, but every company will have a brand bible that they stay true to and follows their core ethics. Ethics can change too, but we're in 2019 so let's keep them in line with current times.

When you start a project, or even look back and assess where you are right now, it is important to look at business in three defined phases: the present, the near future (micro marketing) and fantasy (macro marketing).

The present: this one is obvious. Talk about and sell what you are actually doing right now. Not what you want to do – what you *are* doing. If you are yet to build anything tangible yet, get building. Let's get away from the

MICRO AND MACRO MARKETING

Micro marketing: this is the step beyond beta, the step where you can start to gain real traction. It is imper-

money-for-nothing mindset of ICOs past.

If you are building, and it's early days, tell the world about what, and why, you are building. This is where you define your mission statement and couple it with a statement of intent that you can show – again, get building.

ative not to be too grandiose in your plans and talk about areas that you can deliver on within the next six-to-12 months. From an investor perspective this shows that you can be level-headed and think rationally (something often overlooked), and it shows a potential user or customer what they can expect to have in their hands in a timeframe that they can relate to. The longer in the future this is, the more likely they are to look for alternatives. The caveat to this, though, is that if you promise the world and the first release is far below expectations then you will have a disgruntled customer base. This is the most influential stage of ethical marketing - you need to sell but not oversell.

Macro marketing: here you can let your imagination run wild, within reason. If you're selling tokens for space travel, and your name isn't Elon Musk, just stop. Elon, if you're reading this, make it happen. It is this pillar of marketing that having a thought-leader or visionary (though I hate that nomenclature) for a founder can really pay dividends. Those who can see beyond the constraints of society and technology as it stands are those who will be influential in our progression as humanity. Henry Ford once famously said: "If I had asked people what they wanted, they would have said faster horses."

Finally, something to contemplate is: what is the purpose of your token, and do you really need it? When asking people to do something new, the user experience must be equal to or greater than what is currently accessible. Without it, you will not get mass adoption.

Alastair Band, founder, Verum Ventures (alastair@verum.ventures), in conversation with James Bowater

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CRYPTO COMPARE MARKET VIEW

Crypto users rally round WikiLeaks founder

In a Crypto-themed twist to the news of the dramatic arrest of WikiLeaks founder Julian Assange at the Ecuadorian embassy in London, cryptocurrency users rallied to donate Bitcoin (BTC) to his organisation. Currently, nearly six BTC, worth about US$30,000, have been donated.

This week has seen consolidation across the cryptocurrency markets after what was possibly the best week in 2019. Bitcoin is trading at $5,150.28, after being rejected from $5,400, the year-to-date high. The price has just held above $5,000 and well above the 200-day moving average, which rests at $4,500. Ethereum is at $167.01, after dropping from a $185 high.

The head of the International Monetary Fund (IMF), Christine Lagarde, has revealed, speaking to CNBC, that she believes cryptocurrencies and blockchain technology are "clearly shaking the system", and forcing changes in the financial industry.

One giant reportedly taking advantage of these technologies is Facebook, and according to *New York Times* reporter Nathaniel Popper, the company is looking for 'as much as $1bn' in funding for its own cryptocurrency project.

Meanwhile, Coinbase has launched a debit card that lets its users spend cryptocurrency wherever Visa is accepted. The 'Coinbase Card' is currently only available for UK customers, although the company plans to add support for 'other European countries in the coming months'.

Privacy-centric messaging app Telegram has reportedly entered its Telegram Open Network (TON) in a private testing phase this week. The app raised more than $1.7bn in an initial coin offering last year to develop TON, and plans on introducing the 'first mass-market cryptocurrency' via the app, called the Gram.

Finally, Arthur Hayes, chief executive of crypto-derivatives exchange BitMEX, has revealed that he is considering issuing some kind of short-term Bitcoin bond, which could see riskier borrowers price themselves against "the rock-solid companies in the ecosystem".

Hayes argued that the move would help BitMEX achieve its goal of becoming "the largest and most profitable exchange in the world" as fixed income markets are larger than FX markets.

CRYPTO A.M. INDUSTRY VOICES

Poker reveals high-stakes players

When many of the people working in the blockchain space get together at meet-ups there are often discussions around alternate ways to bring the community together.

Erica Stanford started the Crypto Curry lunches and built a strong community of people working on blockchain projects. This has now grown to other industries and cities other than London and the aim is to grow it further. There are of course nightly and breakfast meet-ups going on every day but there was a desire to link meet-ups with an activity.

Tournament poker, if played for fun, can be a great way to bring people together and we initially looked into hosting an office premises private event. But the laws of the land made this difficult so we decided to contact the casinos of London to see if they would support us.

The inaugural Crypto Poker Global event happened on 2 April at the Empire casino in London. We combined socialising with a tournament of Texas Hold'em. There were 24 beginner-to-experienced players from 21 different companies. The feedback was incredible from everyone who attended and we all agreed this should become a regular monthly fixture.

Highlights from the evening include *Crypto A.M.*'s very own James Bowater going 'all in' on the very first hand and winning the pot. Harri Saroy from 20|30, playing for the first time, played erratic betting strategies that visibly unsettled the more experienced players on the table.

On the final table at the end of the tournament the final three players went 'all in' to end the game and determine the winner. Jini McDonald from Weald Technology played a very shrewd game from the start and was called the winner on the night and claimed 50 per cent of all the money that the players had staked at the beginning. The next three players in order shared the rest.

Here is a selection of testimonials from those who attended the first poker night:

"I attended the first inaugural Crypto Poker tournament organised by Rob Gaskell and Aldin Ademović. The night was well planned and executed with precision, from the opening bar networking to the tables where friends became foes with plenty of banter in between. Hand after hand of cunning, skill, trickery or just plain luck saw some of the most epic poker hands witnessed with some classic all-in hands deciding the night. I highly recommend getting a seat early for the future Crypto Poker nights at the Hippodrome.... just bring your re-buy in money." – Jeff Hancock, CEO, getFIFO.io Exchange

"I attended the inaugural Crypto Poker night created and co-hosted by Rob Gaskell and Aldin Ademović. It was a fantastic combination of networking and poker with some amazingly interesting and experienced cryptocurrency and blockchain players. It was a great mix of business and pleasure and most people were novices when it comes to poker. I'll put my cards on the table - I'm all in. It's now one of the best fun Crypto groups out there." – Dickie Armour, chief commercial officer, www.corre.energy

"I attended the inaugural Crypto Poker night organised by Rob Gaskell and Aldin Ademović. It was a brilliant night of fast poker and great chat with others in the Crypto community. It was fantastic talking with others who have a common interest and I even managed to catch a few cards! Get there early, and shuffle up and deal!" – Mick Horgan, Chief Operating Officer, MetaVault.com

The next event will be on Thursday 2 May and you will be able to find more about it at www.cryptopoker.global

Thanks to Aldin Ademović from Pillar Project and Rob Gaskell from 20|30 for organising the first event, setting up the website and future events.

Crypto AM shines its Spotlight on Arteïa

At $63bn and counting, the international art market is certainly not insignificant. Big-brand names such as Sotheby's and Christie's host blockbuster sales around the world selling precious works of fine art. In 2017 it's believed the blockbuster sales around the world selling precious works of fine art. In 2017 it's believed GBP, getFIFO is a prince of Saudi Arabia paid more than $450m for Salvator Mundi, a masterpiece by Leonardo da Vinci.

Although many of these auctions have embraced technology and are now online, the market is still very traditional, and riven with inefficiencies. Three big problems endure: the lack of transparency, liquidity, and provenance. How can I be sure that's not a fake Picasso I'm buying? How do I know I'm paying the right price? And why do so few Picassos ever come up for sale to begin with?

Dealers, auction houses and galleries incur complex processes to complete a transaction. Purchase and resale fees can be very expensive, and then there's the high rate of cancelled payments: On the Chinese market, the non-payment rate at auctions was as high as 49% in 2017.

These issues don't just affect average billionaire art collectors. It's estimated there are 600,000 mid- to high-level collectors worldwide. Additionally, more than 40 million households buy three to four pieces a year.

But could blockchain iron out the inefficiencies in the market, making it cheaper and easier to buy, sell and own art? Arteïa is one start-up that thinks so. Last year it launched Arteïa Collect, an art collection management system that is already being used by artists, collectors, and art insurers around the world. The company is about to launch Arteïa Exchange, a blockchain-powered provenance tracker, peer-to-peer marketplace and lending platform. Exchange's minimum viable product (MVP) is FINMA-regulated and will be operational when tokens begin circulating.

To date, Arteïa has on-boarded 45,000 artworks. It has some big-name backers, including the Taittinger family, famous for the champagne but also for one of the finest art collections in Europe. And the Marïan family, another of Europe's biggest art collectors. Both have invested in Arteïa and sit on the company's board.

So can blockchain drag the historied world of art kicking and screaming into the 21st century? Taittinger –which traces its roots back to 1734 – certainly thinks so.

For more information see www.blockchain.arteia.com and www.arteia.com

Philippe Gelleman, founder and CEO, Arteïa

" The blockchain allows for peer-to-peer transactions between art collectors

occurs, it will automatically update the provenance tracker. Each subsequent transaction helps to build up that record of provenance," he says.

Gellman adds that being able to trace the history of artworks gives users confidence in the authenticity and value of the piece. Data stored on the blockchain can also be encrypted to ensure the anonymity of the platform's users. Not everyone wants to publicise that they are buying or selling an expensive picture or sculpture. And providing an anonymous platform that matches buyers and sellers safely and securely reduces the need for intermediaries – middle-men who charge expensive commissions.

"The blockchain allows for peer-to-peer transactions between collectors, including both sales and loans. Once the transaction

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ORACLES - WHERE BLOCKCHAIN MEETS THE REAL WORLD

Jon Walsh, Associate Partner, Blockchain Rookies

At the risk of sounding boring, a blockchain technology is little more than a fancy database. However, some blockchain protocols have not only ledger functionality but also distributed computing functionality. This allows for small programs (AKA smart contracts) to be executed within a specific blockchain. The simplest form of a smart contract is one that automates a release of an escrowed amount of funds based upon certain conditions being satisfied.

But exactly how do smart contracts decide if conditions are met? How do smart contracts connect to the physical world? Oracles and oracle services are the answer.

Oracles are where blockchain and the

real world meet. Consider the binary gamble of whether it will snow in the UK on Christmas Day. The smart contract is the digital representation of the full agreement between the two parties (the bookmaker and the punter) and is clearly defined as whether there is one snowflake falling somewhere in the UK in the defined 24-hour period. They analyse the data from their observing stations around the UK in providing a complete picture of where snow may have fallen on Christmas Day. The oracle (in this example, the Met Office) must be queried and respond with an answer to the question: 'Did it snow on Christmas Day?', upon which the smart contract can release the funds held to the winning party. This example of gambling

can easily be extended to most, if not all, themes within gambling today.

Oracle services can be fully automated or fully human, and can be designed to answer all manner of questions in the real world. When implemented well, smart contracts and oracles could combine to completely revolutionise all industries where contracts exist to pay out parties based upon external validators confirming that an event has occurred, delivering accurate payouts based on clearly agreed definitions, and fast.

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