

CRYPTO A.M.

Our series on AI, Blockchain, Cryptoassets, DLT and Tokenisation

PARTNER CONTENT

CITY A.M.'S CRYPTO INSIDER

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BlockWorks Group entered the London conference scene with a bang, staging their DAS:LONDON event at the Rosewood Hotel in Holborn. Helped by Fabric Ventures they managed to attract an excellent array of quality vetted companies and speakers like from the U.K., Europe, Switzerland and the USA. It's a very good addition to the London Blockchain conference scene.

The Crypto market had a bumpy week with Bitcoin (BTC) breaching US\$10,000 before retreating back and at the time of writing, BTC is trading at US\$9,557.16 / GB£7,330.66; Ethereum (ETH) is at US\$246.69 / GB£188.90; Ripple (XRP) is at US\$0.2726 / GB£0.2093; Binance (BNB) is at US\$21.89 / GB£16.75 and Cardano (ADA) is at US\$0.05623 / GB£0.04325. Overall Market Cap is at US\$282.15 / GB£216.83 (data source: www.CryptoCompare.com)

The regular readers of Crypto AM Daily will be already familiar with BEQUANT but for the new entrants, the group provides market participants with brokerage services for digital assets, built on institutional grade architecture and infrastructure. I caught up with Denis Vinokourov, Head of Research, who outlined the growing list of services which includes multi-exchange access, a low-latency co-location offering hosted in state-of-the-art Equinix data centre, with a swift and convenient collateral management, financing and leverage. The crypto market is off to a hot start in 2020, driven by market participants positions into upcoming block reward halving by Bitcoin Cash, BitcoinSV and Bitcoin in May. This planned reduction in supply, at the time when the market is also fretting about potential supply-chain disruptions to shipments of crypto mining equipment amid the spread of the coronavirus, is widely expected to remain the key drivers behind the price action all the way through to June this year. The unsynchronised nature of reward halving is expected to result in arbitrage opportunities across the venues, capturing which is made easy using efficient prime brokerage offering.

For anyone wondering how to get into Bitcoin, crypto and blockchain, my good friend Steve Good is launching his new book called Be Left Behind, at the Mercato in Mayfair. He answers questions such as "Is it too late to buy Bitcoin" and "Is it a Ponzi scheme" and "how do I get started. It just hit on Amazon. His website https://BeLeftBehind.com has all the details to buy it.

On 10th December I wrote about a feature film entitled 'Slammer' which is a British thriller - think Dial M for Murder colliding with the Crypto world. Yesterday I got word from its Director Ted Byron Baybutt that they have successfully wrapped filming - congratulations!

Finally, with great pride and with gratitude to my esteemed panel of judges the shortlisted finalists of next months Crypto AM Awards will be revealed in tomorrow and Thursday's editions of City AM - so if you entered or are just interested please do pick up both copies or look online at https://www.cityam.com/editions/

Crypto A.M. shines its Spotlight on Electroneum

For the first time ever, a blockchain-powered project has launched a freelance platform that offers 1.7 billion unbanked adults the opportunity to earn cryptocurrency without requiring a bank account. It is also the first time ever that a crypto startup has signed a deal directly with a major mobile network operator to bring mobile airtime and data top-ups to digital currency users.

Electroneum, a UK-based startup that is no stranger to world firsts, has achieved both feats. Firstly, by entering Cambodia in collaboration with Cellcard, the country's fastest-growing MNO that currently boasts over 3.2 million subscribers, and secondly, by launching their global freelance platform AnyTask.

As Electroneum CEO and Founder Richard Ells explains, "Cellcard is one of the most prominent corporations in Cambodia and is certainly the most progressive. They also share our vision to help reduce financial inclusion."

The unprecedented deal with Cellcard

includes the MNO intensely promoting the Electroneum M1 phone in several shops across the country, the fastest-growing economy in the world. The M1 smartphone, the first by any crypto project, is rated 4.4 stars and was awarded the Amazon Choice label when on sale there.

The UK startup has become very appealing to major corporations and governments because it is the first crypto project to comply with KYC/AML regulations in the UK as well as with the EU's financial regulatory Fifth Directive.

Another major reason why Electroneum has become so attractive is that since the implementation of their unique Moderated Blockchain, powered by their proprietary Proof of Responsibility (PoR) protocol, the ETN network is insusceptible to 51% attacks or double spends.

THE ANYTASK FREELANCE REVOLUTION

After two years of intense research and development, Electroneum announced the



global soft launch of their flagship project AnyTask, mainly aimed at helping people living in poverty with an opportunity to supplement their monthly income by selling simple digital tasks with their smartphone or laptop.

"The launch came after several weeks of very successful beta testing phases," says Mr. Ells. He is a prominent serial tech entrepreneur who had already seen massive success as a CEO when he and his

major platforms. The lead performer in that segment is Deribit exchange, the crypto-native options trading hub, although Intercontinental Exchange's daughter company Bakkt has recently entered the competition alongside CME, which saw impressive growth for its options offering directly shortly after launch.

This increased growth and interest from various quarters has led to both Gartner and Deloitte predicting that digital assets will become a multi-trillion-dollar industry. Gartner has projected a value of \$176B by 2025 and \$3.1 trillion by 2030.

On the other hand, recent analyses

CURRENT PROBLEMS AND CURRENT SOLUTIONS

For traditional investors, trying to break into this "crypto wild west" is no walk in the park. Volatility remains very high, eclipsing many other markets in its risk factor. Additionally, investors who opt to store their own cryptocurrency and choose which exchanges to trade it on might encounter bad actors: exchanges who at the best care very little about the security of their users, and at the worst - trade against them or even flat out steal their funds.

show that using traditional valuation and assessment methods, some bullish data can be gathered about cryptocurrency which appeals to the traditionally-inclined. For example, bitcoin's Sharpe ratio has been shown to be above 1, and the highest of all major investments in its class.



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REGULATORS FINALLY COMING AROUND

The increased involvement of household name corporations has inspired government regulators to change their opinion about cryptocurrency and the blockchain as well. As more corporations look to the blockchain and digital assets as a viable solution to business challenges, the technology is being viewed as just one more useful tool, rather than the domain of criminals and anarchists. As such, regulators have turned their attention away from banning cryptocurrency, and towards establishing sensible laws.

SEC Commissioner Hester Peirce has even proposed creating a "safe harbor" for ICOs that would allow their tokens to not be classified as securities for a grace period, allowing startups to fund their innovation and focus on getting their networks off the ground.

CONCLUSION

While there are many facets to explore regarding the state of crypto in early 2020, the fact that the industry is seeing unprecedented amounts of demand from previously uninterested players serves as solid evidence that global interest in cryptocurrencies is increasing. We have more people asking more questions and getting involved, and many go as far as to take action and actively invest in bitcoin, ethereum, and their peers. This institutional demand is not short sighted, or a chance to make a quick buck, since the narrative around cryptocurrency as an alternative to the global financial system is solidifying quickly.

As more people are finding their way to cryptocurrency, they'll need some guidance. To that end, I've overseen the creation of workshops for traditional investors, to provide them with the education they need to engage with this amazing new market. I believe that education is key to helping everyone understand cryptocurrency, from students to investors to regulators.

To close the way we opened: I do not know what any crypto's price will be one day, month, year or century from now - But I DO know that crypto is here to stay and grow!

On Yavin, founder and CEO of Cointelligence and Cointelligence Academy in conversation with James Bowater. For further information please https://www.cointelligence.com

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EFFICIENCY IN OIL AND GAS MARKETS

Troy Norcross, Co-Founder Blockchain Rookies



Oil and gas exploration and production market is estimated at over \$75tn. So when 11 of the industries most prominent players get together to form a blockchain consortium (OOCBlockchain.com) people take notice. But what's happening in the industry convincing these companies to work together?

According to digital transformation executive Stephen Lewin, "With the introduction of shale gas and other market forces, the price of a barrel of oil plummeted. The entire supply chain had to rewire their cost basis from \$100/barrel to less than \$50/barrel." Digital transformation projects and efforts to increase the efficiency of business operations have

taken centre stage on corporate agendas to respond to these new market dynamics. Multi-million dollar exploration ships drill holes into the sea bed looking for oil. A key point of reconciliation and sometimes dispute is the actual depth drilled. Some companies are recording this information on a blockchain. Using this information and using smart contracts, companies can be paid more accurately and more quickly than traditionally.

Similarly, custody grade meters record volume data as oil moves from one location or party to another. This data is critical to be accurate for use in calculating tax and delivery of trades. Placing this data on a decentralised and immutable blockchain improves liquidity across the

supply chain and enhances transparency in the event of an audit.

Beyond supply chain, the OnG Blockchain Consortium is looking at the management of seismic data sets using blockchain. With frequent mergers and acquisitions tracking, ownership of these data sets is vital when it comes to monetisation.

These solutions started with an urgent strategic need to cut costs and led to an agreement to form a consortium and work across enterprises. The business proposition is the real focus. Blockchain is just the tech.

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Advertisement for Bitcoin with text: 'Bitcoin is the fastest growing asset in 2020' and 'Scan here now to get ahead ...or will you Be Left Behind?' with a QR code.

CRYPTOCOMPARE MARKET VIEW

Google Searches for Bitcoin Spike After it Crosses \$10,000

This week the price of Bitcoin managed to surpass the \$10,000 mark before dropping back down to \$9,700 over the weekend. The largest altcoin Ethereum, dropped from \$220 to a little over \$250, outperforming BTC. After Bitcoin surpassed \$10,000, data from Google Trends showed that searches for the cryptocurrency spiked, with various keywords revealing that users were looking for ways to double their BTC holdings.

In political news, Andrew Yang, the pro-crypto U.S. Democratic presidential candidate who openly called for nationwide cryptocurrency regulation, has ended his presidential bid early over poor results seen so far. Speaking to reporters, Yang made it clear he didn't believe he was going to win the race.

There were several likely triggers behind the crypto rally, including increased support for cryptocurrency payments from Coinbase, adding the DAI stablecoin - a crypto pegged 1:1 to the US dollar - to its

merchant payments solution. Coinbase's CEO, Brian Armstrong, himself was forced to make use of cryptocurrencies over the week - after both PayPal and Square blocked his transactions - pointing out on social media that regulations often force firms to harm their own user experience.

Last week saw Internet of Things-based cryptocurrency, IOTA, pause its network over the reported theft of over \$1.6 million worth of the cryptocurrency. Security breaches are fairly common in the cryptocurrency space, so much so that CryptoCompare's Exchange Benchmark last week found that 3% of all exchanges in the space were hacked last year.

A report published by cybersecurity firm Recorded Future found that network traffic originating from North Korean IP ranges mining the privacy-centric cryptocurrency Monero (XMR) increased "at least tenfold" since May 2019, at about the same time the crypto was upgraded to allow conventional computers to mine profitably.

CRYPTO A.M. INDUSTRY VOICES

Backing Blockchain: enabling the future

Over the last six years, blockchain companies around the world have raised more than US\$20Bn. Thanks to these large capital inflows into the sector, thousands of projects are now hiring talent and building new solutions and protocols. In just a few years, blockchain has gone from an unknown concept to one of the most competitive global technology sectors, and a pillar of the Fourth Industrial Revolution along with AI and IOT. Although this is extremely exciting, it can also be overwhelming for the uninitiated and especially so for investors.

Since Coinsilium's inception we have chosen a specific investment focus and a very distinctive proposition. In 2013, at a time when the word 'blockchain' was still largely unknown, we decided to focus on financing early-stage companies building blockchain technology tools and applications. Before co-founding Coinsilium I was managing venture capital and private equity funds and in 2014, in the nascent blockchain ecosystem, most investment opportunities naturally lay at the seed stages. This is a critical stage for any new venture, a period when entrepreneurs need guidance as well as capital and that's where we felt we could add strategic value, helping them grow their businesses to become attractive to VC funds for series A rounds and beyond.

One example of our contribution in the early development stage is the successful evolution of SatoshiPay, a company offering micro-payment solutions to content publishers in which Coinsilium invested in 2015. We helped its founding team with the positioning and commercial strategy for its first solutions until we exited, two years after our initial investment, at a significant premium. Since then, SatoshiPay has succeeded in raising additional funds and achieving ambitious milestones.

Post-series A funding is a highly competitive market for professional investors, as only a tiny number of seed-funded companies will ever make it past the series A bottleneck; therefore, it is essential for Coinsilium to se-

lect the right companies with the potential to go beyond series A in order to produce asymmetrical returns for our shareholders.

One of our main sources of investment opportunities has been our own network of blockchain entrepreneurs and developers, built over the past seven years. I can highlight early contacts with entrepreneurs such as David Moskowitz whom I have known since 2013 and who co-founded Indorse, a skill validation platform in which Coinsilium invested in 2017. Indorse now serves Fortive 500 companies and last year closed a funding round with India's largest media house at a valuation representing a 350% uplift since our initial investment. Similarly, my first contact with Diego Gutierrez Zaldivar was in 2013, when he was a leading cryptocurrency advocate in Latin America; Coinsilium supported Diego's venture three years later when he co-founded RSK, a smart contract platform secured by the bitcoin blockchain, which is now a company with more than 100 staff.

Coinsilium investment strategy is region-agnostic, we have invested in companies with teams around the world; talent knows no frontiers, and neither do blockchain projects.

We see 2020 as the year when blockchain projects move from experiments and proofs of concept to mainstream applications in large markets. The next wave of users will not be tech experts or traders, they will be everyday people oblivious to the technology enabling the services they need to finance their businesses, send money overseas or for protecting their savings from erosion by inflation. In the next couple of years, we will see blockchain companies we have supported since day one transforming from trendy startups to commercially sustainable providers of services that can change the lives of millions for the better.

Eddy Travia, Chief Executive at Coinsilium. For further information visit https://www.coinsilium.com