CRYPTO A.M.

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

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In association with CryptoCompare

PARTNER CONTENT

CITY A.M.'S CRYPTO INSIDER

JAMES BOWATER

This morning marks the first official Crypto AM Blockchain Breakfast at Balthazar in Covent Garden where 24 leaders in the UK blockchain industry will be gathering. I will be tweeting about it so please follow me @CityAM_Crypto.

Bitcoin (BTC) has continued to astonish (it reached its 2019 All Time High of $8,311) since last week's Crypto AM, despite a circa $1,600 flash crash, is trading at US$7,721.57; Ethereum (ETH) at US$244.05; Ripple (XRP) at US$0.3860; Binance (BNB) at US$28.41 and Cardano (ADA) at US$0.08111. Overall Market Cap is at US$241.68bn (data source: www.CryptoCompare.com

Many are wondering why the Bitcoin bull run is on a charge. Last week was the Consensus Blockchain Week in New York, which traditionally sees a bump in the price, but there other factors at play. The halvening of BTC Block mining rewards, which happens every four years, is exactly a year away and historically in the year running up to this event BTC enjoys uplift. Recent positive newsflow has also been a factor with the Winklevoss twins buying coffee in Starbucks using crypto. Many other US retailers are following suit including Nordstrom, Whole Foods and Regal Cinemas. Another factor is that today is decision day by the US SEC on whether to approve or reject the Van Eck Bitcoin ETF which, if approved, could signal institutional adoption and possibly send BTC to the magical US$10,000 mark where it is believed many buy orders will kick in so watch this space!

Changing tack somewhat and delivering potentially devastating news for exchanges, other crypto service providers and the global Fintech ecosystem, BBFTA chair Barry E James called me to share his findings after contributing to the recent G8 Global Anti-Money Laundering 'consultation' in Vienna. FATF (Financial Action Task Force) is seeking pretty immediate global regulation of crypto services. The banking lobby were clearly evident - and vocally derisive - sounding triumphalist. Well they may be, it seems, having convinced FATF to slam Virtual Asset Service Providers (VASPs) by cutting & pasting an ineffective and unworkable regime, taken from wire transfers, that could decimate or kill the industry. Barry told me "the outcome could be to drive more activity underground with 'legal' / compliant exchanges etc reduced to a rump that could easily be swallowed up by the banks."

Last week at the Crypto Curry Club, I met Jason Maskell who is just launching consenttracker.com which is an App that helps create a safer dating experience by building consent agreements throughout the date. Users create a profile and upload their ID which is stored in the Blockchain. At each stage of the date, both have to agree to confirm consent and the App also tracks location allowing for a more respectful, fun and safer dating experience. A very worthy user case indeed!

IT'S TIME BLOCKCHAIN MARKETING GREW UP

Designed by Phill Snelling, Bowater Media

Last week's 25% bitcoin price surge harked back to November 2017, when the market traced a similarly astonishing trajectory. 18 months on from the great bull market, the nascent blockchain space is unarguably older - but is it wiser?

Certainly some of the marketing tactics employed by crypto projects back then makes for neither glowing reminiscence nor good example.

Who dares not to cringe when reminded of John McAfee's "Coin of the Day", in which each tweet lionised a "favourite" crypto token (that McAfee may have been paid to promote). In the case of his tweet about Burstcoin, this resulted in a near-instant price eruption of 350% - followed by a precipitous fall of a similar magnitude.

While McAfee's near-million-strong follower-count enticed several projects in the moment, the cumulative effect of "Coin of the Day" was a loss of credibility for specific projects and the industry as a whole. Nor was this discredited mechanic a rare eddy in a millpond of competence: examples of shoddy practice are myriad. So, as crypto embraces the exponential once more, how can its marketers play their part in avoiding the dubious promotional practices of the past?

ICOs defined the last bull market, with their necessity to rapidly attract retail investment. Creating short-term community buzz became the default strategy. It was not bereft of issues.

In the race to build social-media momentum, some projects purchased fake followers. The social metrics of Airfox - an ICO that refunded investors after SEC intervention - demonstrate rapid spikes in Twitter followers followed by similar drops a few weeks later: the hallmarks of bulk follower purchases.

Using fake followers to boost community numbers impacts trust and engagement. Yet it persists. A 2019 analysis alleged that Twitter sentiment regarding Ripple's XRP token was controlled by a "bot army" of thousands of simulated accounts. Another has estimated that in the case of Justin Sun, founder of TRON, a sizeable proportion of recent followers were fake.

Airdrops and bounty campaigns were another infectious marketing malady. In the case of the former, providing free tokens to holders of another token was a fast way to achieve interest - until the SEC's ruling on Tomahawk Coin made it clear that the Howey test applied even to freebies: perhaps saving us all from a horde of derivative projects.

While Bounty campaigns have their uses (such as crowd-sourcing code-bugs) rewarding users for posting about a project is problematic. One side-effect is the blockchain project Telegram "ghost" group: many thousands of members but just a handful of active users. Few are fooled.

Back then, influencers could name their price to promote an ICO. Many failed to disclose their interest. The apogee: Paris Hilton and Floyd Mayweather facing SEC sanction. Such practices have no place in other sectors; nor should they be allowed here again. Far better to be transparent: long-term users reward those they trust.

Instead of the ICO, we now have STOs and IEOs - not to mention many funded projects with MVPs seeking to accelerate roadmap progression, drive user adoption and build engaged communities. Marketing must evolve to suit.

Crypto influencers continue to provide access to a global audience. Their current properties are a far cry from the low-fi YouTube "Ask Me Anythings" of yore. Podcasts and newsletters such as Peter McCormack's What Bitcoin Did and Anthony Pompliano's Off The Chain are taking blockchain to new audiences.

Blockchain networking events and conferences are also achieving new levels of quality and quantity. They allow existing projects to attract mainstream interest and the current choice is ideal for negotiating valuable sponsorships.

Digital advertising has been historically stymied by Facebook and Google's crypto bans. As these barriers lift, we have a new channel to acquire customers. The stage is set for targeted ads to drive far greater adoption for blockchain companies.

As social sentiment becomes more savvy, credibility has never been more important. Community management remains a significant but necessary commitment. Active social-media channel maintenance, regular posts and fast responses to inbound enquiries are not optional. Failing to maintain an active and accurate presence is reputation-imperiling.

The current market is notable for its levels of competition. Each niche is hotly fought over by a number of valid projects. Winning the user adoption race thus means overachieving your fair share of visitors from search engines. Yet relatively few blockchain projects prioritise SEO. The paucity of search-first companies perfectly encapsulates the sector's ongoing marketing adolescence.

If, and when, John McAfee's luck runs out, few will miss the role he and others played in blockchain's promotional past. Compelling leaders are emerging. Take Binance's Changpeng "C.Z" Zhao: while he may occasionally misstep (such as his recent suggestion to reorder bitcoin to reverse a hack),

> "Blockchain networking events are achieving new levels of quality and quantity

having a communications-first CEO remains a powerful asset for any ambitious crypto brand.

Overall, we must forsake the facile marketing tactics of old and build trustworthy global brands with broader appeal. As institutions with eight-figure marketing pockets assimilate our space, hiding places will be severely rationed. Blockchain's promotional agendas have always benefited from agility and experimentation. Now they must develop a new marketing virtue: sustained credibility.

Joe Rudkin, Marketing Director at Block Influence, in conversation with James Bowater. You can follow Joe on Twitter @joerudkin or for more information www.blockinfluence.com

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CRYPTOCOMPARE MARKET VIEW

Crypto markets soar around Consensus Conference

Last week saw crypto and finance enthusiasts converge on New York for the biggest event in the crypto calendar - the Consensus Conference. With over 5,000 in attendance this year, the annual conference had a markedly upbeat atmosphere as the crypto industry relished the end of the "crypto winter." Among several big announcements was the unveiling of an app from payments startup Flexa which allows customers to spend crypto at major US retailers, including Whole Foods, Barnes and Noble and Nordstrom.

Bitcoin began the week with an impressive surge above $8,000 to reach fresh 2019 highs. After a 'flash crash' on Friday sent it briefly back down to the $6,500 level, bitcoin recovered to trade around the $8,000 mark once more. Altcoins saw enormous mid-week gains, with Ethereum surging over 30%, trading around the $250 mark at the time of writing.

Last week saw Microsoft announce a new project being built on the Bitcoin blockchain. The open source project, named Ion, aims to utilize the decentralized infrastructure of Bitcoin to allow networks to talk to each other. If successful, the project will allow the networks of two companies e.g. Google and AirBnB, to share users' ID data without having complete control over the information - a feature many will watch closely as big tech comes under increasing scrutiny for its use of customer data.

In tandem with Bitcoin's spectacular recovery, data from Google show that Bitcoin search interest has hit a 14-month high. According to Google Trends, searches for "bitcoin" have hit highs not seen since February 2018, when the cryptocurrency was trading between $8,000 and $11,000.

The CryptoCompare Digital Asset Summit will take place in London on June 12th. With keynote speaker Andreas M. Antonopoulos, the summit will feature presentations from some of the key figures in the space including Coinbase, Binance, UBS, and Nasdaq.

CRYPTO A.M. INDUSTRY VOICES

Money in the Minecraft Age

Money. A topic that most of us tend to grow up never really talking about. We don't teach it much at home, and we certainly don't learn about it in our primary schools. Yet, we use money every single day, in order to perform the most basic of civilised human activities. We use it to travel, eat, communicate, and access information, 24/7.

It seems being good with money is something we would want our kids to know about, yet, it is something we almost completely ignore until much later in their lives, when it is often too late. What's more, money is changing... fast! We live in the age of Bitcoin, Minecraft and Monzo. From paper, to plastic to code. In our generation alone (speaking as a 32 year old parent), money has radically transformed, whether we're comfortable with it or not.

Growing up in the 90's, learning about money looked like a porcelain piggy bank. My savings had weight. I could touch them, hear them, taste them if I wanted (I don't recommend licking pennies). But today it's all digital. Money lives on a screen inside our smart-phones, magically dispensed with a tap of a plastic card. It's also practically indistinguishable from the play money our kids encounter inside video-games everyday. There's a disconnect. The humble piggy bank served us well, but has become obsolete in an age of digitalisation and globalisation. You can't swipe a credit card through it, and relatives that live abroad can't contribute much to it either.

If my own father, who lives abroad, wanted to reward my 5 year old boy for cleaning his room, it's nonsensical for my son to wait 1 month, for grandad's next visit, to collect a 10p coin. The same reasoning applies to tooth fairies, birthdays and holidays. We should be able to share money within an extended family unit, as frequently, quickly, and as cost effectively as possible, just like we do with videos, pictures, and text messages. So why can't we?

Amongst skills like problem solving, creativity and empathy, I spend a lot of time thinking about how to make my kids good with digital money, not because I want them to be rich, but because I want them to be happy! It isn't always easy though, and the attitudes and sensibilities us parents usually want our kids to develop around money, are hard enough to impart without adding the complexities of "blockchain" and "cryptocurrencies" into the discussion. So where does this leave parents like me?

In the end, it all comes down to simple interactions. Kids don't really care how Bitcoin, Ether, or Wollo work (three of thousands of cryptocurrencies available to buy and sell). All they care about is HOW to get money, and WHAT they can do with it WHEN they've got it. Whether they're after a kinder egg, a new level inside a videogame, or a pair of sneakers, money itself is not important, but the experiences and choices it affords us is, and no one knows this better than our kids.

Learning about money is something all children should have access to, no matter their nationality, socioeconomic background, religion or gender. It shouldn't be a luxury, it's a right! All we need as families, are simple tools to get us started, that make pocket money management simple for grown-up, and fun for children.

The piggy-bank is dead. Long live the piggy-wallet.

Filippo Yacob, Founder and CEO of @Pigzbe and @Primotoys, featured in Forbes 30 under 30

Crypto AM shines its Spotlight on Chain Enable

The Blockchain industry has been through an interesting journey over the past 18 months, from huge ICO raises, regulatory uncertainty, and now government and industry adoption… there has certainly been a change of tide in understanding what the blockchain is or can achieve.

Many of the ICO projects that hit the market and managed to raise huge amounts of capital, fuelled by speculative valuations, have not fulfilled the dreams promised by the crypto evangelists of late 2017, but in a twist of fate governments, banks and big business are now adopting the underlying technology that was initially built to displace them, blockchain - let's not forget Bitcoin was the result of many years of cryptographic innovations to create a peer-to-peer monetary system that could operate without the necessity of the banks and governance mechanisms we know today, and now it seems the banks have adopted the underlying technology to their advantage.

After living and working in Korea and China for 5 years, Robert Cooke started Chain Enable as a cross-border consultancy and agency specialising in building relationships between Asian and European markets. By working closely with a number of agencies and investors in Asia, Chain Enable helped projects to shape and localise marketing materials, build communities, and introduce investors in the APAC region. In early 2018, Chain Enable expanded and built a partnership with Paul Morgan, a seasoned CTO and serial entrepreneur with a development team based across the UK and Europe. "Partnering with Paul was a huge step in Chain Enable's story… we have acquired a qualified team of developers and are able to build products for many of the clients we helped to serve from the earlier days." Over the past 20 years Paul has built a deep knowledge in

Robert Cooke, Co-Founder & CEO of Chain Enable

systems architecture and backend design. Building financial products and insurance platforms implementing machine learning algorithms for a number of large retail banks, healthcare organisations and supermarkets such as Cigna, Lloyds Bank and Bupa, long before the term FinTech and AI was coined.

Chain Enable is focused on building industrial grade blockchain and distributed ledger systems with a keen interest in emerging and developing markets. We believe the adoption of blockchain and distributed ledger technology is going to accelerate in economies that currently lack the infrastructural backbone we take for granted in developed nations. Issues around identity verification and the convergence of blockchain and IoT are of huge interest. Now that governments and industry are beginning to see the benefits of blockchain technology we believe the adoption of this technology is just around the corner. It is exciting being at the forefront of a technology that challenges and tests the current status quo and we look forward to seeing how the industry develops.

> "Banks have adopted the underlying technology to their advantage

For more information and case studies of previous work please visit www.chainenable.com or email us directly at info@chainenable.com

BLOCKCHAIN MYTHS

Troy Norcross, Co-Founder Blockchain Rookies

Did you know that Jermyn street is actually the contraction of a famous politician's name who was born at number 87? Jeremy Corbyn. Did you know that one of the crows in the Tower of London is albino? Surely you know that there is only one blockchain and that it uses more electricity than Iceland. And of course, you know that the blockchain is too slow to be viable in commercial use.

In fact, none of these is true. They are all just myths.

Myth: There is only one blockchain: FALSE.

There are many blockchains currently in use today. The bitcoin blockchain is the most well-known blockchain. There are numerous variations of these blockchains and there are a wide array of other blockchain platforms and networks of computers making up their own blockchain.

Myth: The blockchain uses more energy than Iceland making it unsustainable. FALSE.

The bitcoin blockchain currently has over 10,000 mining nodes and they do indeed use a huge amount of electricity due to the way the network implements cryptography. But there are a wide range of alternative solutions for securing the data in a blockchain which do not use near the level of energy as the bitcoin protocl.

Myth: Blockchain is too slow to be viable for commercial use: FALSE.

The bitcoin Blockchain protocol is designed to have a max performance of 7 transactions per second (tps) Ethereum today has a max of 20 tps. What is often missed is that there are a number of new blockchain protocols that can handle much higher numbers of transactions: e.g. EOS can handle 3,000 tps. There are plenty of blockchain protocols that are fast enough for enterprise applications.

Before you decide that there is no practical use for blockchain, take the time to get informed in a non-hype and non-spin way.

Get in touch with us info@blockchainrookies.com / Twitter @igetblockchain