IVEY | Scotiabank Digital Banking Lab

Blockstream

Cryptocurrency | Victoria, BC | Founded: 2014 | Employees: 60 | https://blockstream.com/

PHONE: N/A
WIKIPEDIA: https://en.wikipedia.org/wiki/Blockstream
BLOOMBERG: https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=273952098
LINKEDIN: https://www.linkedin.com/company/blockstream/

COMPANY OVERVIEW

Blockstream is a dual-mission blockchain development company, looking to simultaneously improve the state of the art in blockchain technology while identifying opportunities for application and commercialization of such developments. Blockstream aims to make significant contribution to the blockchain ecosystem through its open-source development of blockchain infrastructure as well as industry software solutions.

SENIOR MANAGEMENT

Adam Back: Co-Founder & CEO (2014-present). Currently: Applied Cryptographer (independent), working on hashcash, committed transactions, homomorphic values, and researching blockchain decentralization and scalability (2010-present). Education: PhD Computer Science, University of Exeter (1995).

Pieter Wuille: Co-Founder & Core Tech Engineer (2014-present). Previously: Site Reliability Engineer, Google (2012-2014); PhD Researcher, K.U.Leuven (2007-2011). Education: PhD Computer Science, K.U. Leuven (2007).

Samson Mow: Chief Strategy Officer (2017-present). Previously: COO, BTCC (2015-2017); Director of Production, Ubisoft (2009-2011). Currently: Founder and CEO, Pixelmatic (2011-present). Education: BBA Management Information Systems & Marketing, Simon Fraser University (2002).

HISTORY

Blockstream was founded in 2014 by Adam Back, Pieter Wuille, Greg Maxwell, and a group of other prominent blockchain developers with the goal of accelerating blockchain development and its commercial applications. Several of the founders were involved in the original development of Bitcoin.[1] Since the inception of Blockstream, it has launched several products, established major business and technical partnerships, raised two rounds of funding, and expanded its reach internationally.

FUNDING

As of late 2018, Blockstream has raised a total of $76MM USD through two rounds. Its $21M seed round closed in 2014 and was led by Reid Hoffman, Khosla Ventures, and Real Ventures.[2] Its subsequent Series A in 2016 raised $55M and was led by Horizons Ventures, AXA Strategic Ventures, and Digital Garage.[3]

KEY CORPORATE DEVELOPMENTS

Press releases: https://blockstream.com/blog/
Oct 10, 2018:   The Launch of the Liquid Network
Jul 23, 2018:   Version 2: Cryptocurrency Data Feed
Jun 25, 2018:   Announcing c-lightning 0.6
Jan 19, 2018:   Blockstream Bids Farewell to Gregory Maxwell

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[1] Interview: Samson Mow, Chief Strategy Officer (2018)
[2] https://blockstream.com/2014/11/17/blockstream-closes-21m-seed-round.html
[3] https://blockstream.com/2016/02/02/blockstream-new-investors-55-million-series-a.html

BUSINESS HIGHLIGHTS

STRATEGY

Blockstream develops technology that encourages further development and effective deployment of blockchain, cryptography, and distributed systems. Blockstream believes in open-source development, so the majority of its software is publicly accessible and can be used or built upon by anyone in the blockchain community. Blockstream's objective is fuel general R&D in the blockchain space. Currently, Blockstream's priced products in the cryptocurrency space predominantly target traders, exchanges, and financial institutions. However, Blockstream is looking to expand its technology into insurance, asset management, and even hospitality, gaming, and telecommunications.[4]

PRODUCTS / PRICING

Blockstream currently has two main products:

1. Liquid Network: launched in late 2018, Liquid is a Bitcoin sidechain (see Technology) that allows for faster Bitcoin transactions while maintaining confidentiality and security.[5] Although valuable to any Bitcoin exchange or business, Liquid is particularly attractive to high-frequency cryptocurrency traders and exchanges, allowing them to take advantage of arbitrage opportunities. Currently, Liquid is priced at a fixed fee per month for participating members in addition to variable pricing in the future for value-added services, such as an asset-issuance tool.[6]

2. Cryptocurrency Data Feed: Blockstream has partnered with Intercontinental Exchange (ICE), operator of 6 clearing houses and 12 global exchanges including NYSE, to provide real-time and historical cryptocurrency trading data.[7] The data feed includes 15 crypto assets and 17 fiat currencies, and records over 200M trade and quote updates per day. Blockstream pulls data from exchanges worldwide and partners with ICE in a revenue-sharing agreement to sell this data to financial institutions.[8]

TECHNOLOGY[9]

Blockstream's primary technological innovation is the sidechain: a blockchain that is attached to other blockchains, allowing it to transfer assets and validate data across blockchains. Sidechains are attached to blockchains via a two-way peg, at either a fixed or variable exchange rate. Sidechains provide numerous benefits, such as including new asset classes (e.g., derivatives, bonds, fiat currencies), enhancing capabilities and security, and allowing for pre-testing and experimentation.

Staying true to its open-source values, Blockstream has published two GitHub repositories of code: Elements and Lightning Networks. The former allows individuals to build their own or experiment with Bitcoin-pegged sidechains while the latter is a protocol on top of existing Bitcoin protocol to enable rapid micropayments.

MARKETING[10]

Blockstream focusses on content generation and education, positioning itself as a thought leader in the blockchain space. It aims to break down its complex technology and development into bits and pieces via articles, FAQs, and graphics. Blockstream also regularly attends industry conferences and events.

COMPETITORS

Blockstream has no direct competitors given its unique focus, but there are others that perform similar functions:

1. R3 – (New York City, NY) As an enterprise blockchain software firm, R3 primarily develops private, not public, blockchain solutions for enterprise clients.
2. Lightning Labs – (San Francisco, CA) An open-source blockchain technology company, Lightning Labs is developing open protocol on top of the Bitcoin protocol to enable rapid, high-volume transactions, similar to Blockstream's work on Lightning Networks.

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[4] https://blockstream.com/2016/02/02/blockstream-new-investors-55-million-series-a.html
[5] https://blockstream.com/liquid/faq/
[6] Interview: Samson Mow, Chief Strategy Officer (2018)
[7] https://blockstream.com/cryptofeed/
[8] Interview: Samson Mow, Chief Strategy Officer (2018)
[9] https://blockstream.com/technology/
[10] Interview: Samson Mow, Chief Strategy Officer (2018)