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## 5 of the Biggest Bitcoin Startup Investments of 2013

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**Daniel Cawrey**



## As increased exposure hits bitcoin in the form of mainstream attention, the more interest in its business potential.

As a result, 2013 was by far the biggest year for venture capital funding in the bitcoin space. And while some have proclaimed that next year will be even bigger, this past one has been pretty heady.

Let's take a look at five of the biggest bitcoin venture capital deals of 2013.

### 5. itBit

*Total VC to Date: \$3.25m*

*Major Investors: Canaan Partners, RRE Ventures, Liberty City Ventures*

Access to bitcoin in the form of an investment-grade trading platform still eludes the virtual currency. Singapore-based itBit plans to change that by bringing NASDAQ's stock trading exchange to bitcoin. The company's recent funding of \$3.25m from a number of VC firms should help it to do that.

Service	Current	Dec. 17	Dec. 16	Dec. 15	Dec. 14	Dec. 13
Web API (REST/JSON)	🟢	🟢	🟢	🟢	🟢	🟢
itBit Help Desk	🟢	🟢	🟢	🟢	🟢	🟢
itBit.com Web Site	🟢	🟢	🟢	🟢	🟢	🟢

Status Legend  
 🛑 The service is currently down    ⚠️ The service is experiencing intermittent problems    🟢 The service is up

In addition to a web site, itBit has a JSON Public Web API. Source: [itBit](#)  
 The company also plans to apply for regulatory approval in all fifty states, likely to be an expensive proposition. itBit CEO Rich Teo and CTO Jason Melo told [CoinDesk](#) back in November that the company chose Singapore as its base because it "has regulatory and banking systems in place that are friendly to a bitcoin-related business such as ours"

## 4. BTC China

*Total VC to Date: \$5m*

*Major Investors: Lightspeed Venture Partners, Lightspeed China Partners*

BTC China is currently one of the largest bitcoin exchanges in the world. Although recent governmental policy in China has affected BTC China, the potential the country holds in the bitcoin market is huge. While no official statistics exist, officials from BTC China have said that the country is likely the largest bitcoin mining nation in the world.



One month 15 minute chart of the BTC China exchange. Source: [Bitcoin Charts](http://bitcharts.com)

David Chen, a partner with Lightspeed Venture Partners that led the BTC China investment, recently said that it was "dangerous to speculate" what regulation in China will do to bitcoin there. Venture capital investing is a long view business, and it's clear that Lightspeed is into bitcoin for the long haul.

## 3. 21E6

*Total VC to Date: \$5.05m*

*Major Investors: Unknown*

If you have never heard of 21E6, you're in the vast majority of those who follow bitcoin. The company, which is supposedly named after the total supply of BTC to ever be in circulation, is a mining hardware company. But little information regarding its business strategy is available. An SEC filing in November that makes notice of its \$5.05m in funds is one of few official records that the company even exists.

Bitcoin mining in Hong Kong. The ASIC BTC mining revolution has brought some big investment in 21E6. Source: [CNN](#)

What is known is that the company is based in San Francisco with Matthew Pauker as its CEO. A Businessweek article says that 21E6 is "is believed to be backed by some of the wealthiest people in Silicon Valley". The article also states one of the cofounders is Balaji Srinivasan, a former Stanford University professor who is an expert in data mining.

## **2. Circle Internet Financial**

*Total VC to Date: \$9m*

*Major Investors: [Accel Partners](#), [General Catalyst Partners](#), [Jim Breyer](#)*

Boston-based Circle Internet Financial has grand designs on making bitcoin [easy for the mainstream user](#). CEO Jeremy Allaire, who testified during the congressional virtual currency hearings, has come out as a figurehead for both bitcoin and its potential for it as a tool in financial services.

Circle Internet Financial's Jeremy Allair.

Source: [Business Insider](#)

While no specific product has been announced by Circle yet, the idea is to build a BTC-based product that is easy to use like Skype or email. But doing that is going to be expensive for the company to pull off. Allaire has told [CoinDesk](#) that \$2m of the \$9m Circle raised will likely be spent on achieving regulatory compliance.

## 1. Coinbase

*Total VC to Date: \$31.7m*

*Major Investors: Andreessen Horowitz, Union Square Ventures, Ribbit Capital*

San Francisco-based Coinbase is one of the most popular companies in the bitcoin space. Its sheer numbers prove it: Not only has the company raised over \$30m in venture capital, it recently announced that it had surpassed the 650,000 users mark, an amount that has clearly accelerated in the past few months with the rise in BTC's price.

The upward trend in price of BTC has corresponded in a rise in Coinbase users.

Source: [Coinbase Blog](#)

Aiming to be the "Gmail of bitcoin", Coinbase is a processor for both bitcoin merchants and the average user. Those with a US-based bank account can easily obtain BTC after going through the company's verification procedures; as it stands today Coinbase is one of the easiest ways for people to convert USD into bitcoin in the United States.

*Funding amounts and investor information provided by [Crunchbase](#).*

*Money image via Shutterstock*

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