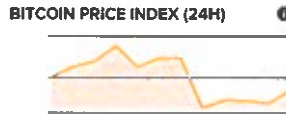




TRENDING
How the Blockchain Could Stop Firms Cooking the Books



USD **1.15%**
\$217.64
EUR €192.66

CNY **-1.23%**
¥1,351.86
GBP £142.93

- NEWS
- GUIDES
- PRICE
- DATA
- EVENTS
- JOBS
- RESEARCH

Twitter Facebook Google+ RSS Search

HASHNEST
Best Market Liquidity, with the cheapest cloud mining contract in the world:
0.4 BTC/TH/s
100% backed by Real hardware from BITMAIN

DATA ANALYSIS • FEATURES • FUNDING • INVESTORS • STATE OF BITCOIN REPORTS

Will Bitcoin Venture Capital Investment Reach \$300 Million in 2014?

Garrick Hileman (@garrickhileman) | Published on April 1, 2014 at 14:30 GMT

Tweet 152 Share 58 +1 14 Share 23 submit

UPDATE (2nd April 11:15 GMT): In addition to the companies listed below, sales portal BitSimple has raised \$600,000 in a bitcoin-only seed round.

This article summarizes some of the new State of Bitcoin 2014 data and analysis on venture capital investment presented at last week's Coinsummit conference in San Francisco.

Several significant venture capital investments in bitcoin startups have been announced in recent weeks, including Circle's \$17m second round, Xapo's \$20m first round, and OKCoin's \$10m first round (Table 1). **Table 1: Bitcoin Venture Capital Investments – 2014 YTD**

| Close Date | Company | Round | Size (\$m) | Selected Investors | Headquarters |
|------------|---------------------------|--------|------------|--|---------------|
| Mar-14 | Circle Internet Financial | Second | 17.0 | Breyer Capital, Accel Partners, General Catalyst Partners, Oak Investment Partners, Parkside Capital, Bitcoin Opportunity Fund | Boston |
| Mar-14 | GoCoin | First | 1.5 | Bitcoin Shop, Crypto Currency Partners | Singapore |
| Mar-14 | Playward, Inc. (Kujaku) | First | 5.0 | Hummingbird Ventures | San Francisco |
| Mar-14 | OKCoin | First | 10.0 | Coyvan, Mandra Capital, VenturesLab | Beijing |
| Mar-14 | Xapo | First | 20.0 | Benchmark, Fortress, Ribbit Capital | Palo Alto |
| Mar-14 | Tambu | Seed | 0.2 | Individual Investors | Singapore |
| Feb-14 | Safello | Seed | 0.6 | Individual Investors | Stockholm |
| Feb-14 | GoAccess | Seed | 10.0 | BT Capital | Ottawa |
| Jan-14 | HKCax | First | 2.0 | Individual Investors | Hong Kong |
| Jan-14 | BitFury | Seed | 5.0 | Undisclosed Venture Investor(s) | Bialystok |
| Jan-14 | Korbit | Seed | 0.4 | Dream Bank, SK Planet, Strong Ventures, Individual Investors | South Korea |

Sources: CoinDesk, Dow Jones VentureSource, VentureScanner.com

The \$72m in 2014 year-to-date venture capital invested in bitcoin startups which has been publicly disclosed (much more has been made quietly) has dramatically advanced CoinDesk's full-year projection published in last month's State of Bitcoin report.

Just a month ago, the 2014 run rate for venture capital invested in bitcoin startups was just over \$100m. Now, \$300m is projected for the full 2014 year. The 2014 run rate would equal three times more than the approximately \$100m which VCs invested into bitcoin startups in 2013.

Europe lags, Asia is lean, North America dominates

The regional trends identified in the February report have continued to hold with North America outpacing both Europe and Asia both in terms of total number of companies and total investment (Chart 1).

Chart 1: Regional Bitcoin Venture Capital Investments – all time

DAILY BITCOIN NEWS
Don't miss a single story - subscribe now!
Email Address **SUBSCRIBE**

FEATURES
Markets Weekly: Slow Week for Bitcoin Price as 'Grexit' Looms

How the Blockchain Could Stop Firms Cooking the Books

Bitcoin Panel Seeks New Take on Regulation at New Jersey Hearing

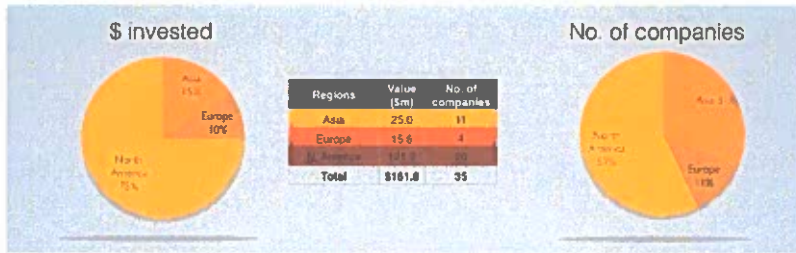
Industry: BitLicense Revision Leaves Room for Continued Debate

BitShares Rebranding Signals New Communication Strategy

BITMAIN
Your Trustworthy Bitcoin Company
Purchase Miner @ **ANTMINER**
Cloud Hashing @ **HASHNEST**
Enjoy Mining @ **ANTPOOL**
JOIN US

MUST READ MOST POPULAR

Hong Kong's MyCoin Disappears With Up To \$387 Million. Reports Claim

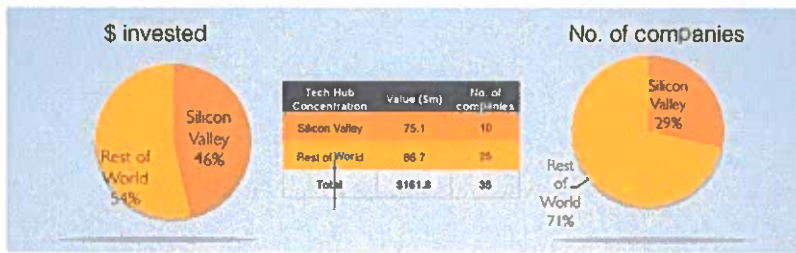


Sources: CoinDesk, Dow Jones VentureSource, VentureScanner.com

75% of all bitcoin venture funding has been invested in North America and 57% of VC-backed companies are based there.

Asia venture-backed bitcoin companies appear to be the most leanly funded, with 31% of the total number of bitcoin startups receiving only 15% of the funding pie.

Chart 2: Silicon Valley vs Rest of World – all time



Sources: CoinDesk, Dow Jones VentureSource, VentureScanner.com

Silicon Valley's share of the bitcoin startup ecosystem remains strong. The total number of bitcoin VC-backed companies based in the Valley climbed from 27% last month to 29%.

However, it's total share of bitcoin startup funding declined to slightly under half at 46% from 51%. Overall, investing in bitcoin startups is very much a global phenomenon, but North America and Silicon Valley still hold pole position.

Six different bitcoin company types

With Circle at last unveiling a part of its business and product strategy the lay of the bitcoin land has now come into sharper focus (Chart 3).

Chart 3: Bitcoin Startup Ecosystem and Sample Companies



Source: CoinDesk

Four of the the six distinct company categories defined by CoinDesk are, in essence, pure plays on a specific area of the bitcoin value chain: mining hardware, wallets, exchanges, and payment processors.

The 'financial services' category is also comprised of a number pure play companies. However, many companies are either pursuing a unique business strategy, or are small in their total number and size. Therefore, these companies do not yet warrant the creation of a separate ecosystem startup category and are aggregated under the heading of 'financial services'.

The emergence of the 'universal' bitcoin company

Building on the emerging theme of consolidation expressed both in last month's State of Bitcoin

- Palarin Brings Coinbase-Inspired Bitcoin Services to the Philippines
- Pantera Leads \$1.1 Million Funding for Africa Bitcoin Startup BitPesa
- VICE Tours a Bitcoin Mine in China
- Russia's Interior Ministry Defers to Central Bank for Bitcoin Guidance
- Comparison Site Seeks to Boost Bitcoin Remittances in Latin America

Got a news tip or guest feature?

A BEGINNER'S GUIDE TO BITCOIN

Bitcoin is a digital currency that is being used increasingly all over the world. Find out more about how it works and how you can use it with our straightforward guides.

- What is Bitcoin?**
It's a decentralized digital currency
- Why Use Bitcoin?**
It's fast, cheap to use, and secure
- How Can I Buy Bitcoins?**
From an exchange or an individual



“ At this point we cannot do internet voting securely. ”

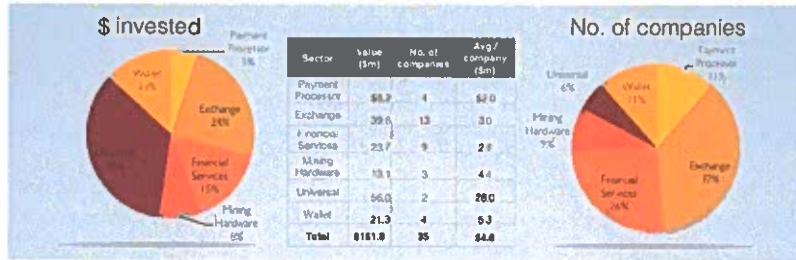
Follow @coindesk

report and in recent analysis of [exchange trading volume trends](#), CoinDesk have defined a new sixth startup ecosystem category, 'universal'. The universal category was created for companies which house multiple areas of the bitcoin value chain under one roof.

While a number of companies have expressed an interest in operating as a universal (eg Safello) CoinDesk at present sees only two companies – Coinbase and Circle – as having both the products, roadmap and means to execute a universal business model.

Both Coinbase and Circle have disclosed raising more money than any of the other bitcoin startups. The two universals have raised a combined amount (\$56m) which is greater than any other startup ecosystem category to date ([Chart 4](#)).

Chart 4: Investment Distribution Across Bitcoin Startup Ecosystem – all time



Sources: CoinDesk, Dow Jones VentureSource, VentureScanner.com

Are the current projections for the total investment in bitcoin startups in 2014 conservative or wildly optimistic? Will most bitcoin companies eventually seek to become or merge into a 'universal', or will pure plays be stronger over the long-term? Share your thoughts in the comments below.

Silicon Valley image via Shutterstock

[Investment](#) [Prices](#) [silicon valley](#) [State of Bitcoin](#)

Tweet 152 Share 58 +1 14 Shares 23 submit

FROM THE WEB

Sponsored Links by Taboola

Buffett Admits This Is A "Real Threat"
The Motley Fool

i commercianti lo odiano! Non vogliono farti scoprire questo segreto dello shopping online
MadBld.com

'Warren Buffett Indicator' Signals Collapse in Stock Market
Newsmax

Restore Your Vision To 20/20 With This Nifty Trick
Vision Protocol Guide

How Airplanes Can Improve Your Rail Journey
Business Value Exchange

5 Foods You MUST NEVER EAT! (If You Want To Live Longer)
Reverse My Disease

The 15 Richest Doctors in the World
ThrivingLifestyle

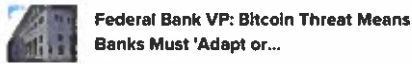
What Secrets Does Your NAME Hold Regarding Your Future?
Numerology Report

How Do Ben Golfers Swing So Fast?

HOW TO... Revolution Golf

PREVIOUS ARTICLE

NEXT ARTICLE

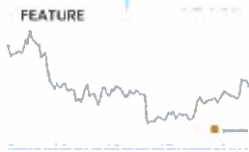


Federal Bank VP: Bitcoin Threat Means Banks Must 'Adapt or...



Bitcoin Community Raises Cash for Dorian Nakamoto and Hal...

RELATED STORIES



Feb 9, 2015 at 14:23 | Joon Ian Wong

Markets Weekly: Slow Week for Bitcoin Price as 'Grexit' Looms

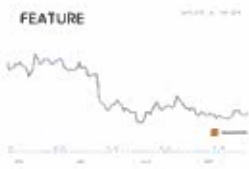
Bitcoin traded sideways over the last week, with the price largely unchanged, as the wider macro-economy awaits a possible Greek Eurozone exit.



Feb 3, 2015 at 12:44 | Stan Higgins

Bitcoin Mining Firm KnCMiner Raises Further \$15 Million

Swedish bitcoin mining company KnCMiner has raised \$15m in a Series B funding round led by Accel Partners.



Feb 2, 2015 at 14:56 | Joon Ian Wong

Markets Weekly: Bitcoin Price Drops as Coinbase Euphoria Wanes

Following a price spike on major announcements from Coinbase two weeks ago, the bitcoin price has fallen back below \$250.



Jan 26, 2015 at 13:37 | Joon Ian Wong

Markets Weekly: Price Crosses \$300 Following Coinbase News

While the bitcoin price may have taken a beating recently, it appears to be bouncing back, having crossed the \$250 and \$300 mark in quick succession.



Comments for this thread are now closed.

AROUND THE WEB

VIDEO: Eastbay Presents Preparation Nation: Crespi Stack

The Hottest SUVs of 2015 #CarPorn Web2Carz.com

The Ultimate Fashion Shopping Fantasy: What Would You Buy? Talk Shop

World stock index hits six-year high, euro gains World News

ALSO ON COINDESK

Markets Weekly: Slow Week for Bitcoin Price as 'Grexit' Looms 131 comments

MyCoin Exchange Disappears with Up To \$387 Million, Reports Claim 42 comments

Trucoin Exchange Raises Daily Customer Allowance to \$1,000 1 comment

How the Blockchain Could Stop Firms Cooking the Books 31 comments

WHAT'S THIS?

4 Comments

CoinDesk

Login

Sort by Best

Share Favorite

Neal Palmquist · 10 months ago Every day is April Fool's Day for people who buy Bitcoins!

^ | v · Share ·

Nameless · 10 months ago

It's a bit disappointing to see little happen in Europe. There isn't as big of a VC-funded culture here.

I also see two reasons why Europe lags. One is that Asia often requires distinct asian companies and thus their own investments. These Asian companies don't compete with non-Asian companies because Western companies usually don't operate in Asia and vice versa.

Whereas Europe has quite often felt comfortable to be serviced by American companies, and thus VC-funded American companies are operating in Europe as well. Western companies can more easily operate in both America and Europe. Look at Payward/Kraken for example, they're market leader in Europe, 99% Euro-denominated, yet they're based out of San Fransisco. Or Bitpay, operates globally very well in 150 currencies, why compete with that.

Secondly, many Europeans simply go to SV if they want funding. Or, they're focused on their own countries (on average 40-50 million people in Europe) and don't need large VC rounds to service hundreds of millions of people like in the US/China or get licenses in tens of different states. Bitcoin for example is an amazing bitcoin company in the

[see more](#)

^ | v · Share ·

Garrick Hileman → **Nameless** · 10 months ago

Thank you for your comment.

On Coinbase as an exchange, I would just point out that last time we checked they are clearing well over half their buy/sell orders internally rather than sourcing them externally. So they are very much operating like an exchange.

1 ^ | v · Share ·

Nameless → **Garrick Hileman** · 10 months ago

Thanks, that's a really interesting thing to note. I wonder to what extent this has any (legal) consequences. I've heard Brian explicitly state they're not an exchange, more of a broker, that they have a brokerage license, and that this allows them to evade some of the legal requirements that a full-blown exchange would require, something we haven't seen in the US yet because of this. (e.g. SanFran based Kraken/Payward, pretty much closed down dollar deposits for now, while it's European market leader, simply because needing licenses in 48 states is too big a hurdle for now)

One important distinction I'd like to make between Coinbase and exchanges though is that Coinbase sources from exchanges, exchanges typically don't source from others. ATMs source from exchanges, Coinbase doesn't. Trading bots and automated trading operates at exchanges, but not at Coinbase. And you can keep non-bitcoin funds at exchanges but not at Coinbase.

In any case, thanks again for this comment. Always interesting to hear some insider information. Do you write/blog/speak anywhere besides Coindesk?

^ | v · Share ·

 [Subscribe](#)  [Add Disqus to your site](#)  [Privacy](#)

| Close Date | Company | Round | Size (\$m) | Select Investors | Headquartered |
|------------|---------------------------|--------|------------|---|---------------|
| Mar-14 | Circle Internet Financial | Second | 17.0 | Breyer Capital, Accel Partners, General Catalyst Partners, Oak Investment Partners, Pantera Capital, Bitcoin Opportunity Fund | Boston |
| Mar-14 | GoCoin | First | 1.5 | Bitcoin Shop, Crypto Currency Partners | Singapore |
| Mar-14 | Payward, Inc. (Kraken) | First | 5.0 | Hummingbird Ventures | San Francisco |
| Mar-14 | OKCoin | First | 10.0 | Ceyuan, Mandra Capital, VenturesLab | Beijing |
| Mar-14 | Xapo | First | 20.0 | Benchmark, Fortress, Ribbit Capital | Palo Alto |
| Mar-14 | Tembusu | Seed | 0.2 | Individual Investors | Singapore |
| Feb-14 | Safello | Seed | 0.6 | Individual Investors | Stockholm |
| Feb-14 | BitAccess | Seed | 10.0 | BIT Capital | Ottawa |
| Jan-14 | HKCex | First | 2.0 | Individual Investors | Hong Kong |
| Jan-14 | BitFury | Seed | 5.0 | Undisclosed Venture Investor(s) | Bristol |
| Jan-14 | Korbit | Seed | 0.4 | Dream Bank, SK Planet, Strong Ventures, Individual Investors | South Korea |