Reflections on our three-day group trip to Crypto Valley

Zug & Zurich, Switzerland

CRYPTO VALLEY *TRIP*

"Genesis Block" - August 2017

A service of Crypto Explorers

OVERVIEW

Crypto Explorers launched the Genesis Block of its first project (Crypto Valley Trip) on August 14, 2017 at 12:30 PM at the Thomson Reuters Innovation Lab in Canton Zug, Switzerland.

The objective of Crypto Explorers is to build the world's premier community of knowledgeable crypto-enthusiasts who seek to remain pragmatic in their efforts to understand the decentralized future and believe that a better grasp of the possible societal disruptions will come most effectively via the exchange of ideas in a curated, intimate setting of other intellectually curious individuals.

The Genesis Block of Crypto Valley Trip (CVT) was a three-day on-site seminar in and around Zug, Switzerland from August 14-16, 2017 (**as highlighted by Fred Wilson**).

The focus of CVT (original blog post **here**) was a rapidly moving series of open, in-person dialogues among mutually respecting peers about the strengths, weaknesses, opportunities, and threats of the blockchain world.

Over the course of CVT, we had 15 facilitated discussions with businesses, entrepreneurs, and civic leaders from the area in and around Zug, Switzerland, also known as Crypto Valley.
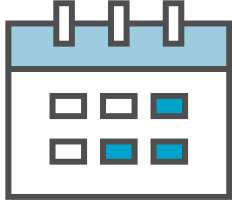
CVT participants also joined a local meetup with 100+ people from the Zug blockchain ecosystem.

To further facilitate the interactions between the CVT Genesis Block members, we took a private boat ride on the zugersee and a private tram ride around Zurich. The second day of our meetings took place in the **Huwilerturm**, a medieval defense tower built around 1524, and on the third day, we visited the **Swiss Finance Museum** and the famous **Hiltl restaurant.**
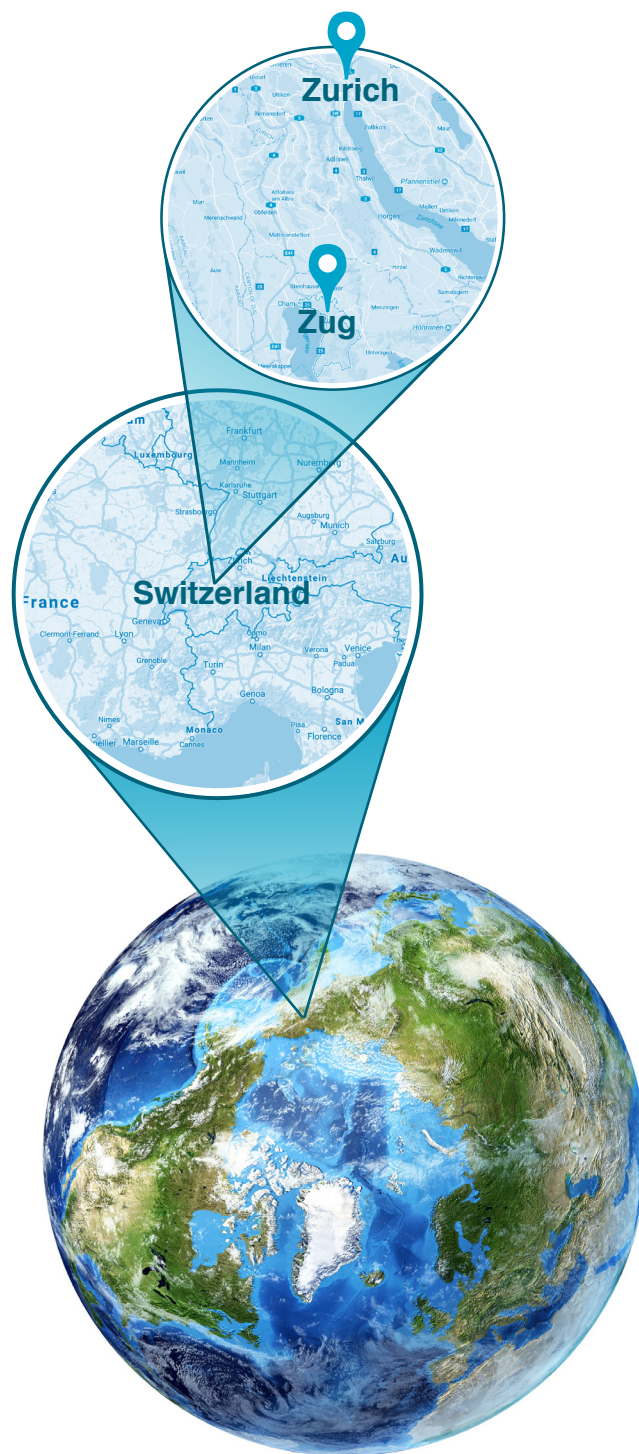
Success of the Crypto Valley Trip was measured in multiple ways:

3 DAYS OF MEETINGS

22 TOTAL HOURS OF PROGRAMMING

15 GUEST SPEAKERS

35 NUMBER OF ATTENDEES

4 NUMBER OF ATTENDEES WHO FAILED TO SHOW
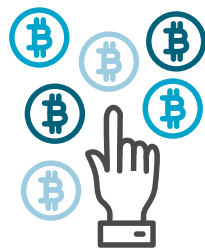
1 ETH "PROOF OF STAKE" THAT MEMBERS PUT DOWN TO ENSURE **THEY WERE COMING ON THE TRIP**

100% OF ATTENDEES HOLD **CRYPTOCURRENCY**

70% PARTICIPATED IN AN ICO **?**

30% HOLD MORE THAN **SIX TOKENS**

LOTS OF ATTENDEE TO ATTENDEE COMMUNICATION & NETWORKING

15 COUNTRIES REPRESENTED

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Time Stamp: August, 2017

OBSERVATIONS ON BLOCKCHAIN AND DECENTRALIZATION BASED ON THREE DAYS IN CRYPTO VALLEY

AUGUST, 2017

The point of this trip was to better understand the future of decentralization by engaging with others at the forefront of the revolution. Here are some of the themes that emerged.

1. Even the Most Advanced Jurisdiction in the World is Still Figuring It Out

Blockchains and cryptocurrencies fell into the lap of Canton Zug almost accidentally. Switzerland's decentralized federal structure gives each of its 26 cantons (like states) a great deal of autonomy to determine how it will tax its citizens and corporations. While not the lowest, Zug ranks in the most fortuitous five, making it attractive to all kinds of organizations.

Switzerland, the global leader in international banking - Photo Credit: Max Pixel

The canton responded with a "hands-off" approach to blockchain technology projects and businesses. That led to the flowering of a blockchain ecosystem, including the law firm MME and Bitcoin Suisse (which both handle numerous ICOs). Close proximity to technical universities such as ETH and Hochschule Luzern also brings talent and innovation to the area. Finally, local leaders formed the Crypto Valley Association this year to further spur activity, and have received a great deal of support and encouragement.

Despite all of this forward thinking and appreciation for the potential of blockchain technologies and cryptocurrencies, almost everyone agreed that adoption from both government and industry is still in the early stages. The theme was echoed in terms of regulatory clarity ("we don't really have it, though we know it is coming") and overall readiness of the technology to make significant inroads ("it's all so immature"). While there is a tremendous sense of optimism, if there is one phrase that sums up the perception of the interface between government and tech, it would be "uncertainty and ambiguity."

Zug received some degree of fanfare within the past year for allowing its citizens to pay for municipal services up to CHF 200 in Bitcoin. So far, only 12 people have done it... the majority of whom were journalists conducting tests.

2. The Crypto Gold Rush is happening: It's the tech of 1995 and the financial demand of 1999...

It is not possible to have a meeting of 35 crypto-enthusiasts without talking about the "ICO boom." Not surprisingly, people treat the term ICO as a dirty word. An alternative term to address financial raises in the space is cacthing on; they're now being called Token Generating Events, or TGEs. No different from a regulatory perspective, and we doubt this subtle rebrand will distance these raises from US authorities looking to regulate them like IPOs.

While only one of the attendees had an ICO planned for the immediate future, more than 70% had participated in one. Everyone in the room owned Bitcoin and Ethereum. 30% of the attendees owned six or more cryptocurrencies. There was a sense of urgency that the window of exorbitant short-term gains may close at any time as the combination of increased KYC/AML (know your customer/ anti-money laundering) scrutiny from global regulators looms large.

Everyone agreed that the hype cycle is pushing ahead at full steam, most of the interest in the space is coming from speculation, and a bursting bubble is inevitable;

of course, there was no agreement on the timing, intensity, and severity of such a burst. For many, the contrarian opinion of a likely soft landing was surprising and it came down to three elements:

- The pace of blockchain-driven innovation and the number of new ICOs per day won't stop anytime soon. After being reminded about the wave of ICOs coming in October and November, the seminar was sent abuzz upon hearing a prediction of Ether resultingly rising towards that time and then severely plummeting at year's end.

- The widespread agreement that the level of potential disruption across many industries is vast and virtually unexplored. Most attendees felt that a disproportionate amount of attention is centered on financial use cases (with the **etherisc.com** discussion being a high point of our discourse).

- Investment in protocols is a "curve-jumping" investment opportunity for which we are only at the beginning.

Needless to say, there were many recommendations, tips, and introductions to pre-ICO investment opportunities shared by the attendees.

Global Charts

Total Market Capitalization
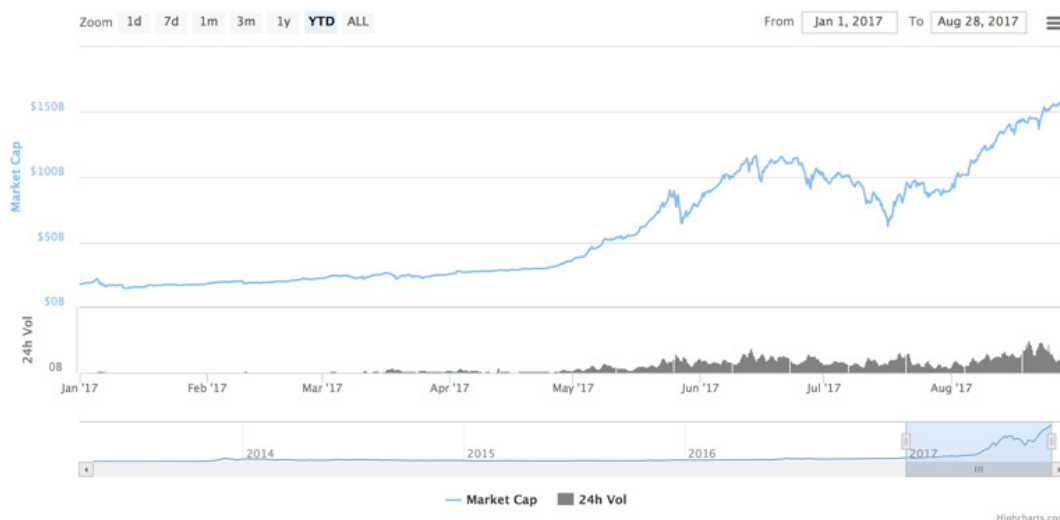
ECOSYSTEMS TAKE WORK… AND PLANNING… AND MORE WORK

One of the most oft-heard words during the three-day trip was *ecosystem*. Recognized by all the presenters as something that is important to building value, there was consensus about the need for participation by government, business, academia, and society as a whole. At the same time, it was less clear exactly on the process for generating these ecosystems and sustaining them over time, since there are so many stakeholders.

Zug is blessed with a crypto-friendly regulatory and low tax environment, an idyllic setting, a willingness to experiment and take a laissez-faire approach to governance, and a relatively painless international jump-off point (Zurich Airport). At the same time, Switzerland's immigration policy and high cost of living make it very challenging to relocate and set up scalable businesses there. Immigration policies are up to each canton, but are capped, and the authorities believe there's a waiting list logjam of future employees from only blue-chip corporations. Furthermore, it is still very challenging for crypto-businesses to set up a traditional bank account, as many banks are wary of the connection; we heard from multiple presenters a tongue-in-cheek yet serious warning, "Don't mention Bitcoin!" when talking to banks. It was also mentioned that the lack of focus from the government to specifically address issues arising from DAO formation could prevent future blockchain startups from domiciling here.

In the race for global blockchain talent (in which Zug is competing with places like Singapore and Dubai), the ability to create and sustain a diverse ecosystem that is supported by the larger society overall will remain a competitive differentiator–the average person on the street in Zug might not have heard of Ethereum yet. Some express concern about lack of nightlife for young people, but lively and blooming Zurich is just a 20-minute train ride away, well within commuting distance. Zurich has

its connection to Crypto Valley, with many blockchain companies forming there. Some made a comparison to the technological innovation area and resource sharing between San Francisco and Silicon Valley (but with vastly superior public transportation).

The Zug ecosystem, if it develops as many see, will not be a location of mass production of blockchain technology. It will be a jurisdictional and highly cerebral nexus within the larger global blockchain-oriented network. That said, there are a decent number of firms with substantial headcounts actually working here; This is not a brass nameplate location as you might find in Cayman Islands or the British Virgin Islands, and the ambition seems soft-spoken. They're willing to build something new in Zug, but they don't seem aggressive about it. While our group certainly imported unbridled enthusiasm, Zug is clearly ever-prosperous. The officials and regulators, having seen many a technology boom, are wary to adopt ad hoc rules or strategies for particular industries.

Building an Ecosystem in Zug – Photo Credit: Max Pixel

RISE OF THE PROTOCOL ENTREPRENEUR (WITH ALL THE SAME BUSINESS PROBLEMS)

What's unique about the crypto world is how the technological investment is occurring at the protocol layer. The ability to access a shared data layer and to monetize the value of that layer via cryptographic tokens is indeed a sea change in how innovation is funded and made profitable for the creators as well as for the network participants. Open source software has found its avenue for revenue generation.

At the same time, the standard "real-world" problems persist. Chief among them is finding top-tier blockchain talent, which probably explains why there are numerous startups now in the space that are focused on the age-old problem of finding high-quality people. Of course, they are attempting to attack it with a blockchain-oriented perspective.

Other challenges, such as dealing with the legal and regulatory issues associated with ICOs, tax considerations (eg: Zug vs. other places like nearby Schwyz and Liechtenstein), and marketing (particularly when it comes to garnering investor and developer attention) are no different than in previous eras of innovation.

Still, the sense of optimism about the disruptive and profitable potential of the protocol layer was undeniable. When one participant was asked, "how can you tell which protocols are going to thrive?" he responded:

"Ninety-five percent of the tokens out there today will be worthless in a year. I look for which ones have inspired developers to build on top of them. That's a good indicator."

Wherever you incorporate, don't imagine you can run afoul of the SEC.

REAL WORLD VS. CRYPTO WORLD

Almost accidentally, attendees referred to everything non-crypto as the "real world". The topic of how blockchain technology and tokens will be integrated with existing infrastructure was on everyone's mind, with no solid answers but plenty of good ideas. The numerous references did serve to highlight the chasm. At a minimum, it shows the vast opportunities available to future entrepreneurs.

A Few Last (Random) Points

- Ethereum developer excitement is quite high
- Fragmented and unclear regulatory environment
- A ton of excitement and passion from every participant

What people loved about the trip

- Numerous great speakers, if not necessarily household names (yet)
- Curated group of attendees, amazing interaction and instant friendships between them
- Hosted by global, international companies and universities heavily involved in the blockchain space
- Learning about the regulatory environments of Zug and Switzerland and possibilities of forming a business there
- Learning about the history and future of the Swiss financial system
- The private boat and tram tours to interface with other group members

What we're adding to the next trip to make it better

- More round table discussions with the speakers
- More variety in blockchain technology entrepreneurship projects
- Communal breakfasts
- Coffee (and Red Bull) at every session

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CRYPTO VALLEY TRIP GENESIS BLOCK MEMBERS

Each person who participated in the first trip has the right to the CVTO token (which we have minted on the Ethereum blockchain). The individuals who participated in the "Genesis Block" creation are composed of:

- Sponsors
- Partners
- Guest Presenters
- Attendees
- Founders

Sponsors

	Storj
	Melonport
	Thomson-Reuters
	Ahorro Libre

Partners

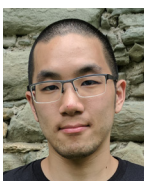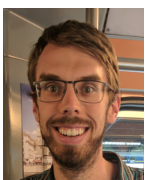|	
	Crypto Valley Association
	Canton Zug
	ETH Zurich

Guest Presenters

- Thomson Reuters / Sam Chadwick
- Kanton Zug / Guido Bulgheroni
- Etherisc / Stephan Karpischek
- Iprotus & Crypto Valley Association / Soeren Fog
- Bitcoin Suisse / Nicolai Oster
- Hochschule Luzern / Thomas Ankenbrand
- Melonport / Mona El Isa
- MME Law Firm / Thomas Linder
- Lakeside Partners / Mathias Ruch
- Luxoft / Vasily Suvorov
- Core Ledger / Johannes Schweifer & Richard F. Zbinden
- Diamond Coin / Mathias Bucher & Pavlo Protopapa
- ETH- Zurich / Daniel Müller
- Schellinger / Kevin Schellinger
- Tom Lyons

Attendees

Adam Dossa	Alex Mashinsky	Alexander Ruppert	Alexander Fuerer	Ben Arnon	Benjamin Roberts	Chris Wallwork	Chris Mohr
Clay Collins	Cynthia Savage	Dan Tsui	Daniel Müller	Dylan Tran	Eli wai kit Wong	Fabio Federici	Fares Ghandour
Florian Hansmann	Hagan Blount	Hany Rashwan	Jason Morton	Jeb Waters	Lasse Clausen	Laurent de Vitton	Liam Horne
Ran Melamed	Rhydon Lee	Stephen Frey	Thorsten Weigl	Travis Bunn	Vik Sasi	Vitomir Jevremovic	William Peets

Founders (the hosts)

Jeremy Epstein	Ken Berger	Marcelo Garcia

INTERESTED IN BEING PART OF THE CRYPTO EXPLORER COMMUNITY?

1. Become a member of Crypto Explorers

($100 annually)

As a member, you will be:

a. be invited into our private community of individuals at the cutting edge of decentralization
b. receive access to members-only detailed trip reports
c. get early notice of upcoming events and activities before general announcement
d. be eligible for discounts on select activities

2. Apply to join a future Crypto Valley Trip

($100 application fee per trip)

Your first application fee goes to membership in Crypto Explorers.

Apply to Join the next Crypto Valley Trip

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ABOUT CRYPTO EXPLORERS AND THE CRYPTO VALLEY TRIP

Crypto Explorers is a group of passionate and motivated individuals investing in, promoting, and developing organizations in the blockchain space. For our first expedition in the series, the Crypto Valley Trip immersed participants in a learning experience at the hub of the blockchain ecosystem, Zug, Switzerland.

Zug and Zurich have a high concentration of blockchain-related organizations based in the area such as Ethereum, Xapo, and Monetas. In addition, the business services and legal infrastructure offered by entities such as Bitcoin Suisse and MME have made Zug a reliable launchpad for many Initial Coin Offerings. Zug also represents the most forward-thinking municipal government on the issues of cryptocurrencies and decentralization.

Zug is a unique location where the future of decentralization is closer and where people are more engaged than anywhere else. The developing ecosystem of government, big business, educational institutions, and entrepreneurs make Zug a fitting location for those around the world interested in this technology to thrive.

In order to make the trips as valuable as possible, the Crypto Explorers require an application that demonstrates an outlook compatible with the values of the community.

For the Genesis Block, only 35 people were accepted (out of 140). In the future, we expect lower admission rates as we seek to make the experience even more valuable for the attendees while keeping the amount of participants relatively flat.

Future trips will bring the Crypto Explorers back to Zug, to Dubai, Singapore, or anywhere the future of decentralization is being passionately researched and developed.

The Application Process

Applications for a future trip may be completed **here.**

Acceptance Process

Each application is reviewed across a variety of criteria. Our goal is to create a balanced set of attendees with diverse perspectives across geography, race, gender, experience, age, technical knowledge, and a demonstrated passion for decentralization technologies and, most importantly, a commitment to meaningful contribution.

As we currently have a backlog of applicants for future trips, and expect to receive many more applicants for the limited number of spots available, non-acceptance should not be taken as a reflection on the individual. We appreciate your enthusiasm for the Crypto Explorers.

Apply Now

Apply **here** to join a future trip.

Limited scholarships are available for deserving applicants on a case-by-case basis.

CRYPTO VALLEY *TRIP*

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