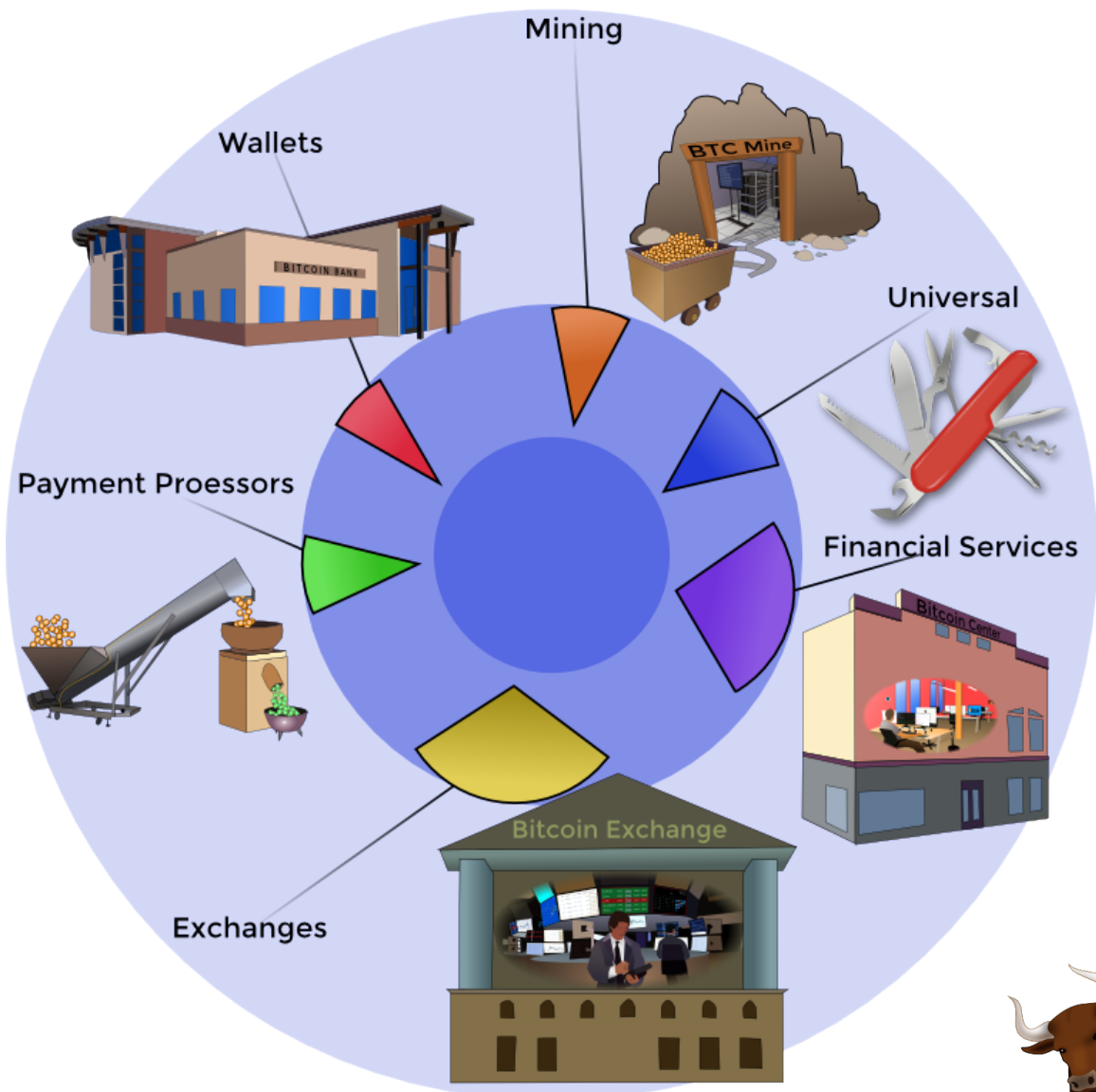


# Bitcoin Industry Overview

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### About This Overview

Bitcoin is the dominant digital currency. This overview quickly gets readers up to speed on the types and scope of bitcoin industry companies.

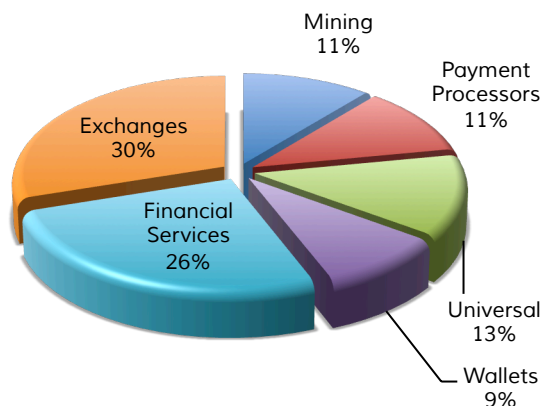
This overview breaks the industry into six segments:

1. Mining – businesses involved in bringing new bitcoins into circulation (think gold mining).
2. Wallets – businesses involved in helping customers store and spend bitcoins (think banks).
3. Payment Processors – businesses that facilitate bitcoin payments (think PayPal)
4. Exchanges – businesses that let customers trade bitcoin for government-issued currencies. (think stock exchange)
5. Financial Services – this category catches everything else. Companies here are challenging existing companies as well as inventing new financial services and business models.
6. Universal – businesses that provide a mix of the other categories.

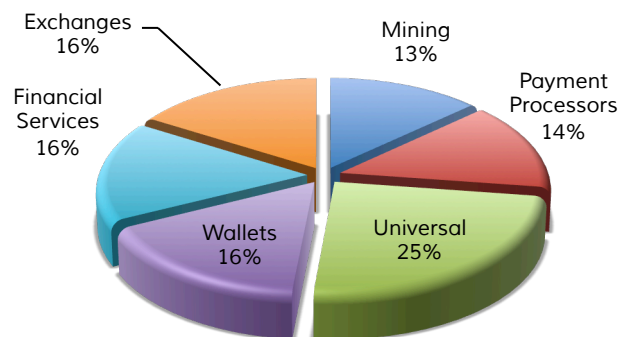
### At a Glance

This overview contains companies with over \$250K in funding according to CoinDesk. These two charts give a bird's eye view of the sectors:

#### Companies



#### VC Dollars





## Mining



**VC Investment: \$34m**

**Companies: 5**

The mining sector brings new bitcoins into circulation and handles all payment processing for bitcoin. Without miners, bitcoin does not work.

Most mining companies either provide mining as a service (cloud-mining) or build mining machines (called ASICs).



## Wallets



**VC Investment: \$43m**

**Companies: 4**

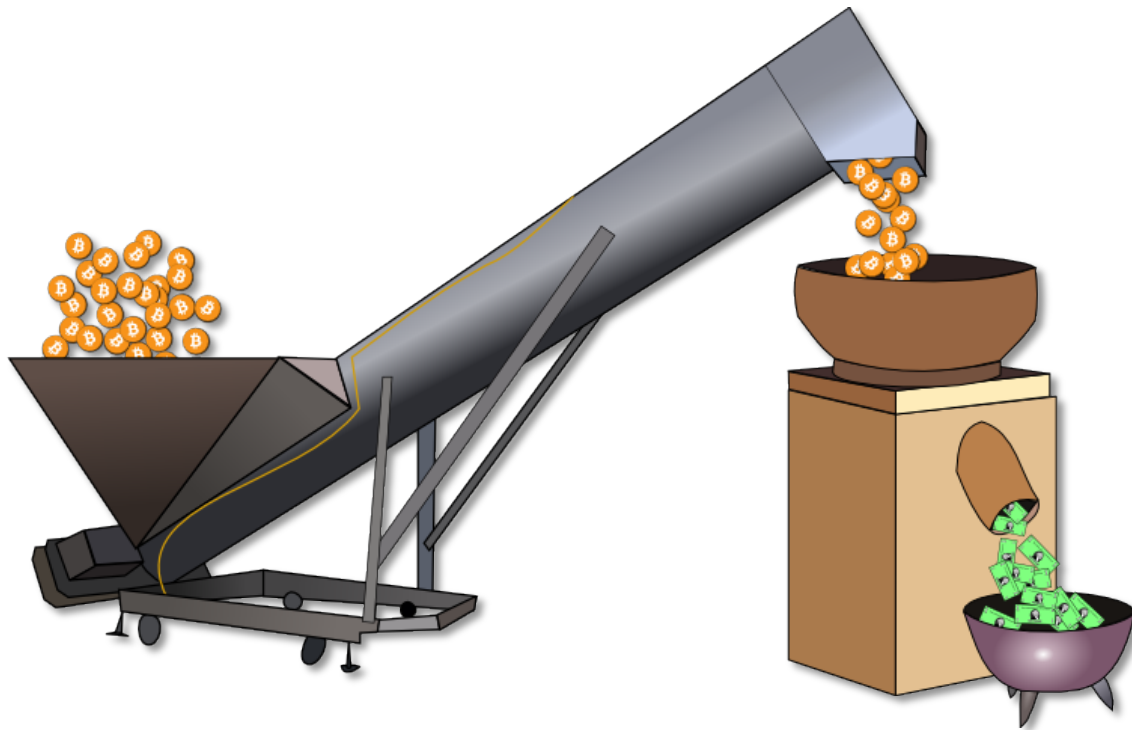
Wallet is an insider term. To those new to the bitcoin space 'wallets' will seem more like banks than a wallet. Bitcoin wallet providers hold bitcoins on behalf of customers and enable customers to spend their bitcoins.

Key issues for wallets are usability, convenience, security, insurance, and regulatory compliance.

Usability and convenience generally mean having software like browser extensions and mobile applications.



## Payment Processors



**VC Investment: \$37m**

**Companies: 5**

Payment Processors primarily take bitcoins from customers and put cash in the merchant's bank account.

For example Peter Schiff doesn't like or want bitcoin, but many of his fans do like bitcoin. A payment processor enables him to accept payment in bitcoin from his customers because they like it, but receive cash in his bank account because he likes cash.

There are some payment processors that take checks or other forms of payment and deliver bitcoin, but that is a newer area just starting to take off.



## Exchanges



**VC Investment: \$43m**

**Companies: 14**

Exchanges enable customers to exchange between cash and bitcoin. In addition to exchanging cash for bitcoin some exchanges have advanced trading features like shorting, margin trading, stop loss, and derivatives like swaps.

Exchanges are challenged by security, regulation, and banking relationships.

A handful of exchanges have lost all customer funds. The most notable being Mt. Gox, formerly the largest exchange, losing hundreds of millions of dollars worth of customer money in Q1 of 2014.

There are few functional US based exchanges because of regulatory difficulty and banking relationship troubles. For example Coinsetter is a New York based bitcoin exchange, but has a European bank. Most U.S. customers buy and sell bitcoins through companies in the universal category like Coinbase.



## Financial Services



**VC Investment: \$43m**

**Companies: 12**

The Financial Services category encompasses businesses that don't fit in the other categories. Companies here are focused person-to-person financial services (think debt, fundraising, etc.), data analytics, making bitcoin easier to use, etc.

This category is already raising a considerable amount of capital, but expect the category to explode in the coming years as bitcoin becomes more ubiquitous and easy to use. Right now all these companies are fighting with their hands tied behind their back because the bitcoin infrastructure (such as exchanges, wallets, hardware, etc.) isn't fully developed yet and bitcoin isn't mainstream yet (today it has under 10 million users worldwide).

## Universal



**VC Investment: \$62m**

**Companies: 6**

Universal companies perform a mixture of the above categories. Their goal is to create a sticky experience for consumers. For example it is hard to get current day users of email to switch email providers.

What types of services do these universal companies provide? Typically wallets, exchange, merchant services, etc. Coinplug even provides ATM bitcoin services.

Bitcoin Shop, a publicly traded universal bitcoin company, is using ecommerce as the onramp to their ecosystem.





### Summary

Bitcoin is the dominant digital currency. This overview provided a high level view of the bitcoin industry in terms of investment dollars and the types of companies that are being funded.

The six segments were mining, wallets, payment processors, exchanges, financial services, and universal companies.

### Next Steps

Thanks for taking the time to learn about the young digital currency industry. It is exciting to watch the digital currency industry mature. If the Internet is any indications many fortunes are going to be created and destroyed as this industry grows up.

If you agree that bitcoin's young age and explosive growth potential provide a can't-pass-up investment opportunity join our growing community of bitcoin investors at <http://www.bitcoinbulls.net>. Community members have substantial bitcoin investments and are interested in minimizing risk, increasing returns, and exploring new opportunities.

Hope you decide to run with us!

David Smith  
Bitcoin Bulls CEO

### Appendix

- This report was compiled by Bitcoin Bulls.net, a community for bitcoin investors.
- Data for this report came from Coindesk's "The Hottest Sectors in Bitcoin, Ranked by Venture Capital Flow" article available online at <http://www.coindesk.com/hottest-sectors-bitcoin-ranked-venture-capital-flow/>