

The emerging Bitcoin-native venture capital landscape.

TVP Research Brief 2021 - 2022

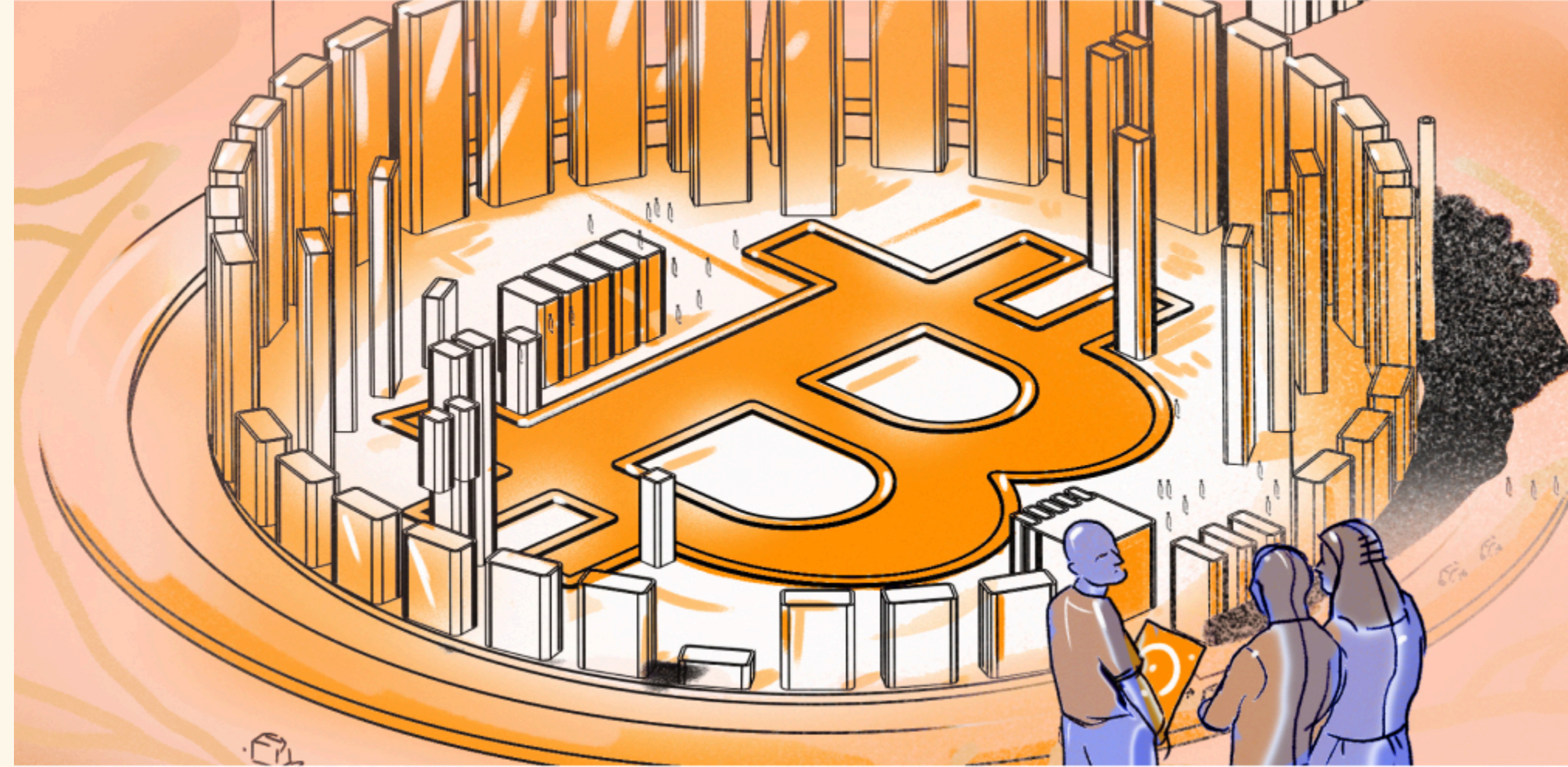


Contributors Christopher Calicott Matthew Snow Zach Young



How we define Bitcoin-native.

We used the term “Bitcoin-native” in the community frequently, but no one had taken the time to do the exercise to define it. Before the inaugural TVP Bitcoin Venture Fund, we went to Bitcoin-focused entrepreneurs, investors, and community members to build a working definition for our PPM and to invite a discussion with the broader Bitcoin community.



Bitcoin-Native Company

A company founded with the first principle that bitcoin is the global monetary asset of the future and internet-native digital cash. The company builds a product the success of which is mutually aligned with the success of Bitcoin. The company leverages the Bitcoin protocol stack in various ways to create value for its customers. Innovation at the various “layers” of the protocol stack enables the business to flourish technically and propels business model innovation.

Included

For this research brief we have included in the dataset bitcoin-native, early-stage startup companies.

Exclusions

Though we have looked at a large number of mining operator deals, given their capital intensive nature and tendency toward a project finance-like profile and different growth characteristics when compared to predominantly software companies included in the dataset, we have excluded miners from these data. Additionally, we have excluded outlier rounds for companies at a later stage by years of operation or of a very unusual size for an otherwise in-bounds deal.

Rationale

Our intent here is to mitigate skewness of data and highlight the signal and trend of this new market.

2022 in Bitcoin startup deals.

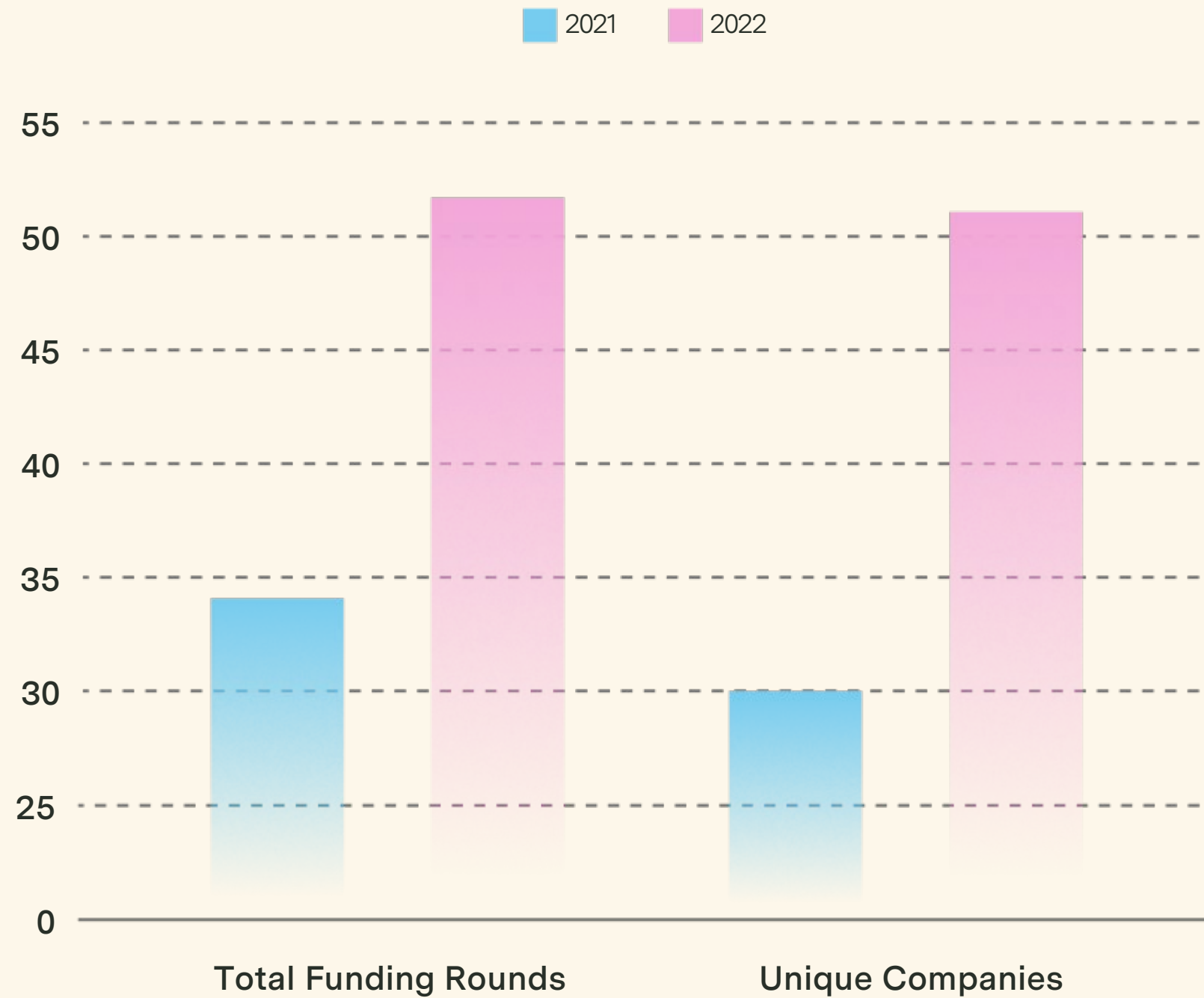
+52.9% 2022 transaction count.

+13.9% Total capital raised by startups.

+70.0% Total companies funded.

+133% 2022 seed transactions.

2021 & 2022 data.



2021

\$301M

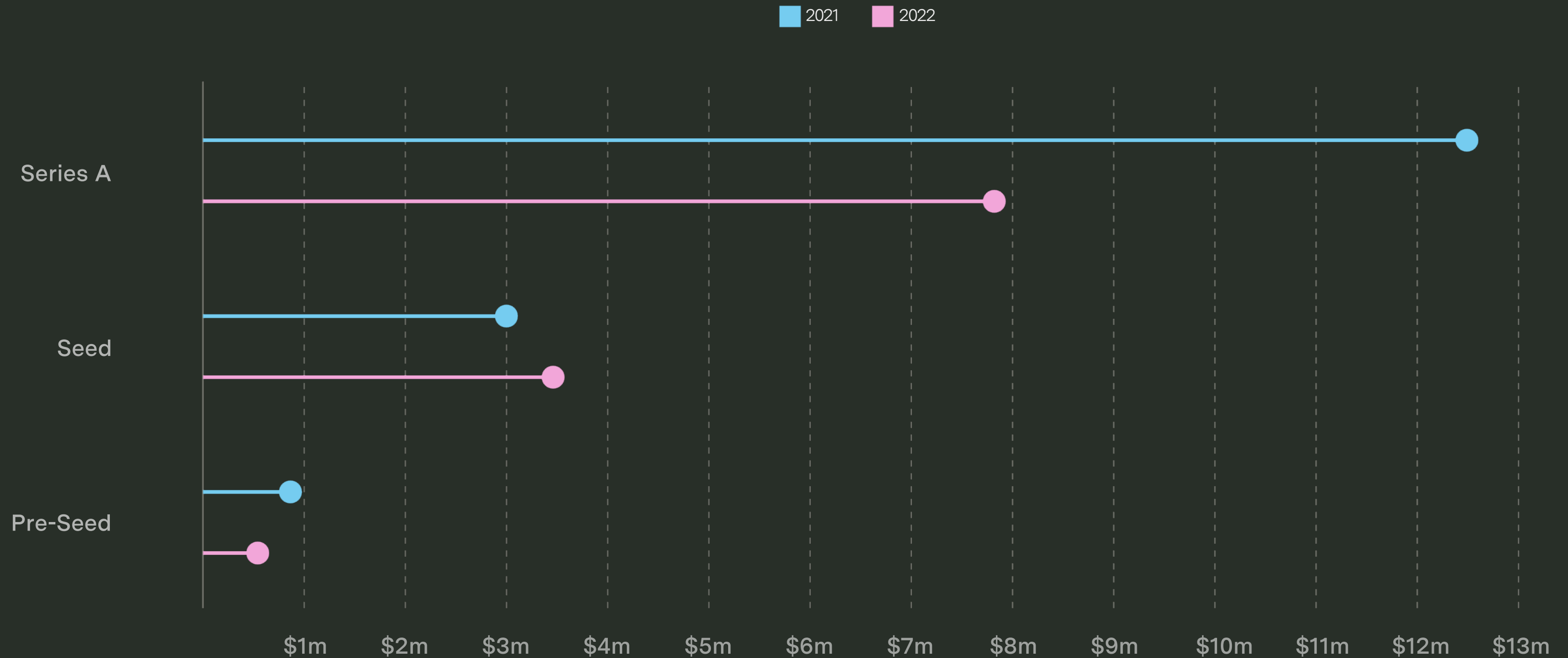
Total capital raised.

2022

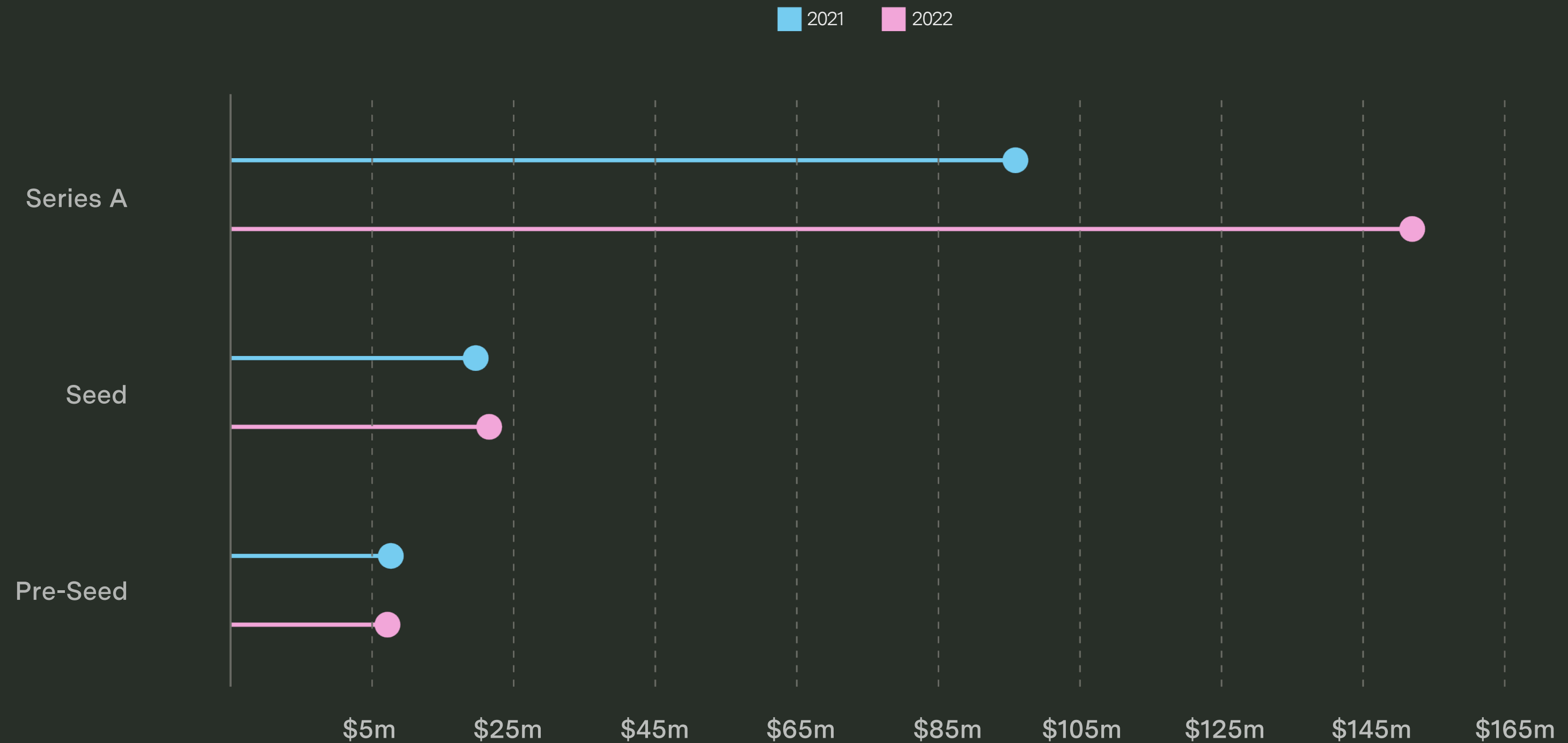
\$343M

Total capital raised.

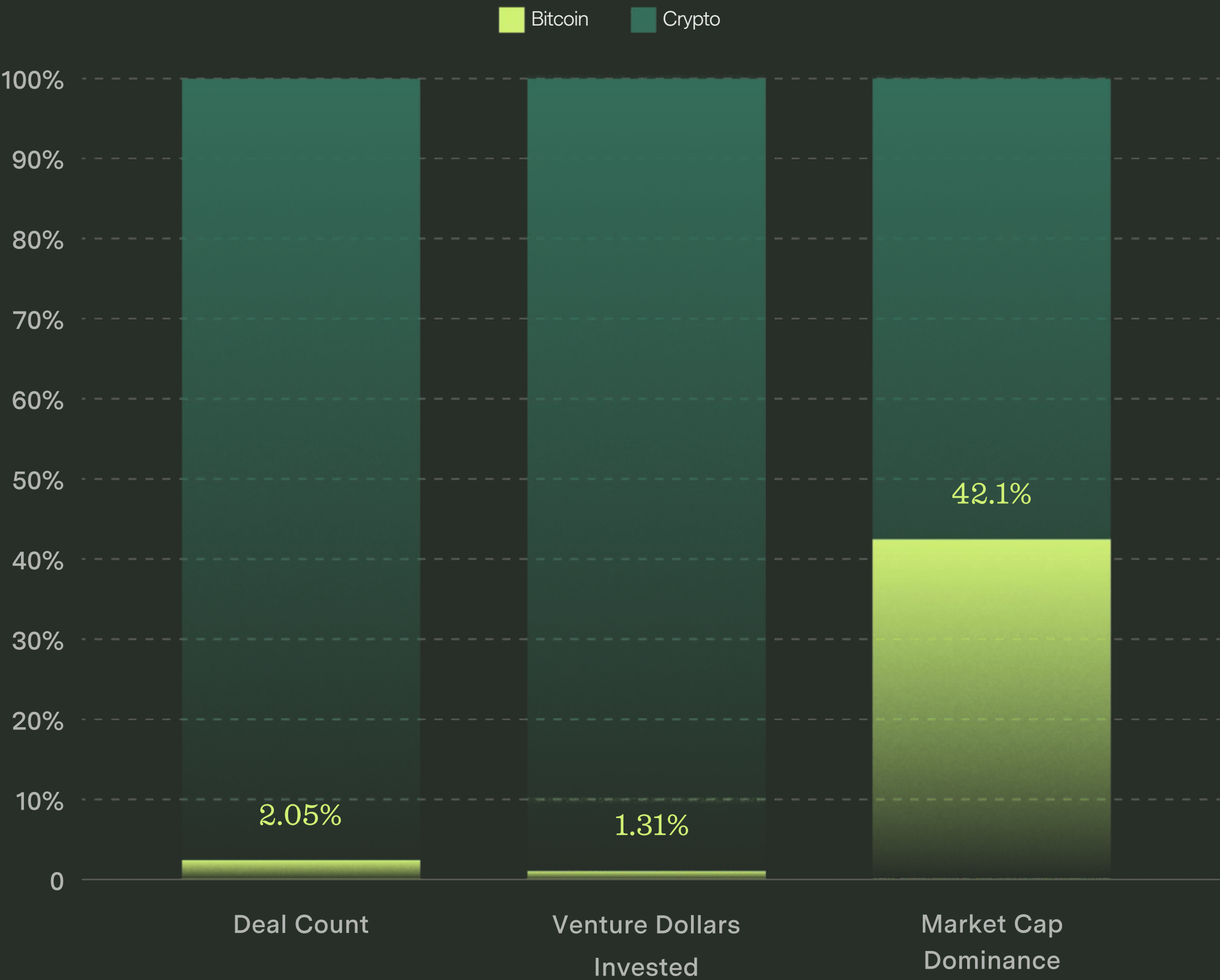
2021 & 2022 median round size by stage.



2021 & 2022 median valuation by stage.



2022 Bitcoin vs. crypto investment.



2022 Bitcoin deal activity up.

Bitcoin deal activity up while crypto deals flat and spot markets down.

+52.9%

Bitcoin venture deals up in 2022.

+1.02%

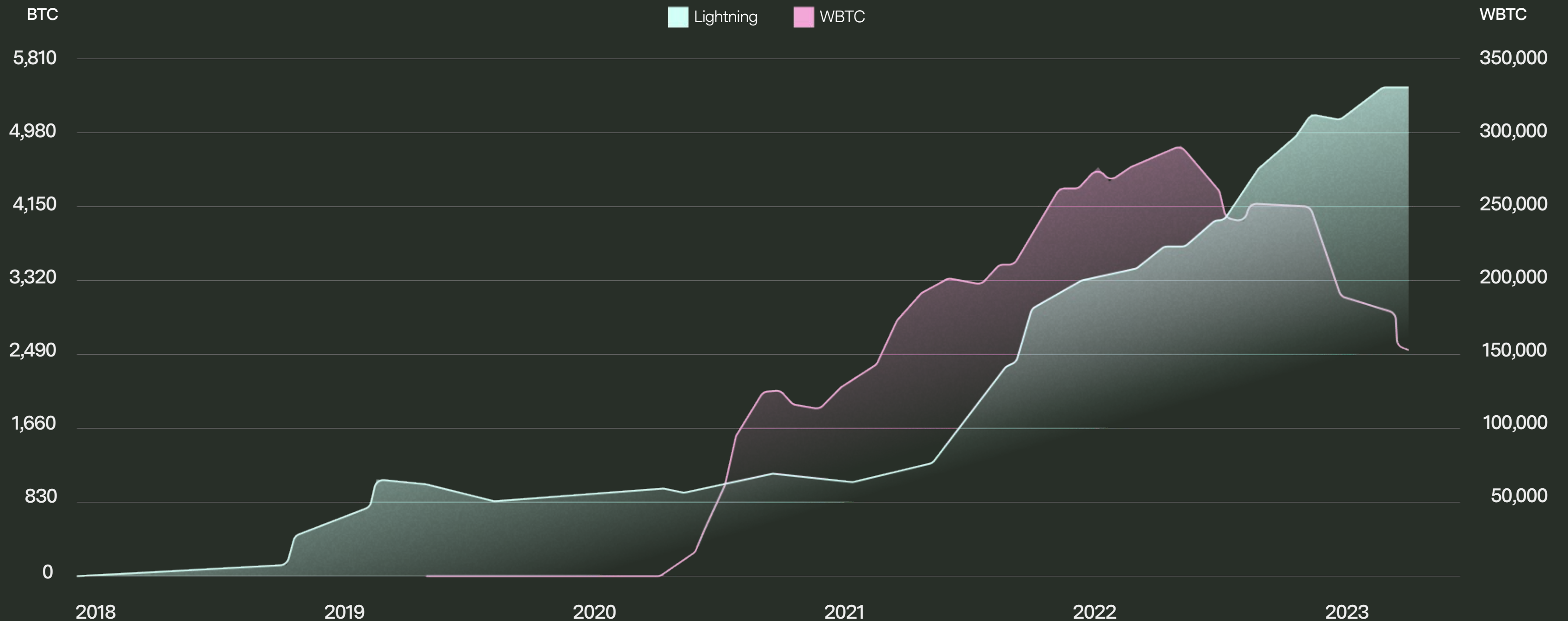
Crypto venture deals flat in 2022.

2022 decline in total crypto market cap



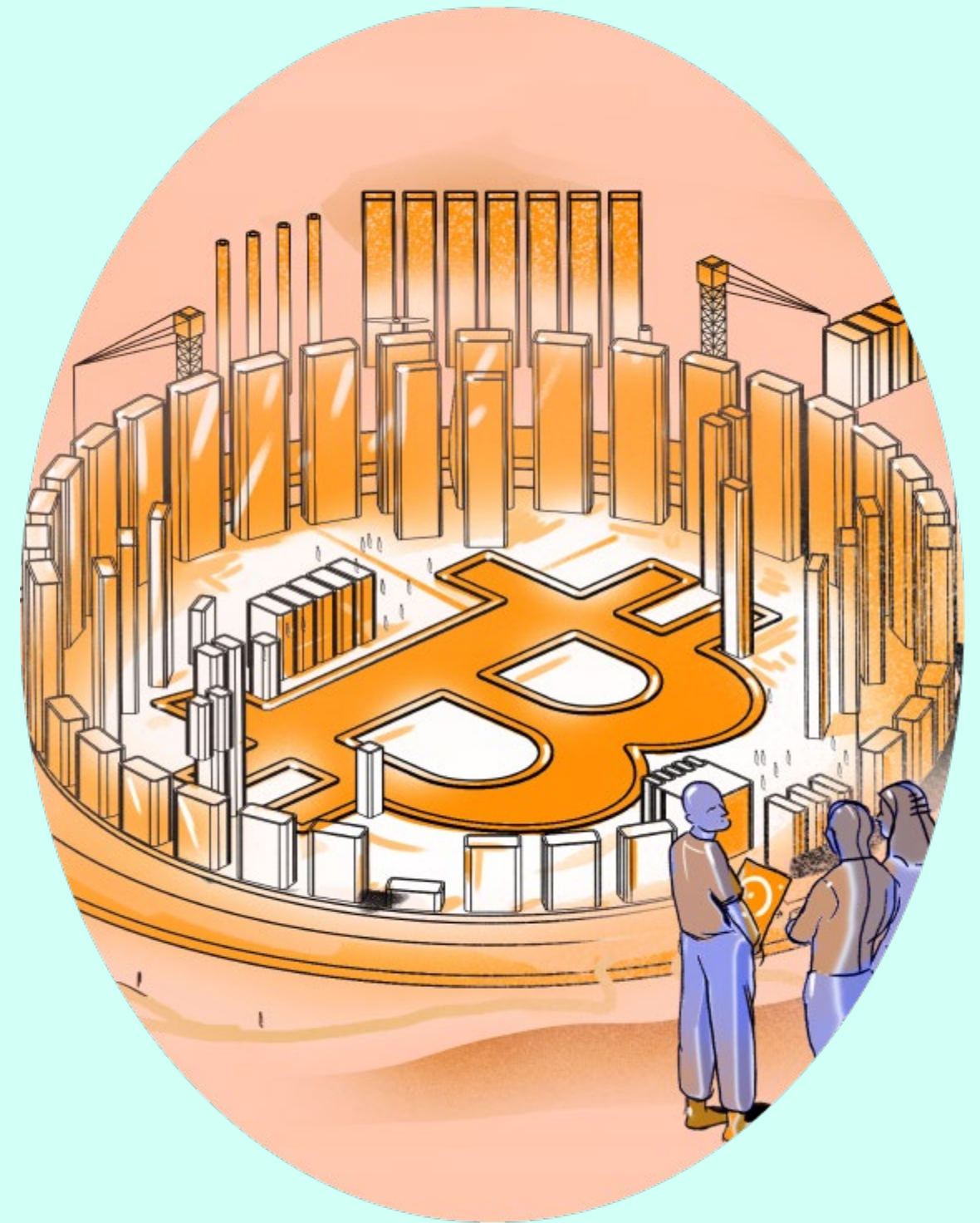
Lightning network capacity vs. wrapped BTC.

Sustained lightning growth despite drawdown.



This is why we're here:

A severe misallocation of capital for companies building a sustainable monetary order for the Internet Age.



New institutional VC syndication for Bitcoin deals.

Craft

CRAFT

Valor Equity Partners

✱
VALOR

Bessemer

 Bessemer
Venture
Partners

Y Combinator

Y

M13

M13

General Catalyst



Lakestar

LAKE
STAR

GV

GV

Accel India

Accel

Founders Fund

FOUNDERS
FUND

The folks behind TVP.



Christopher Calicott

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Christopher is a technologist, business leader, and investor with career experience spanning from the early internet to internet money.

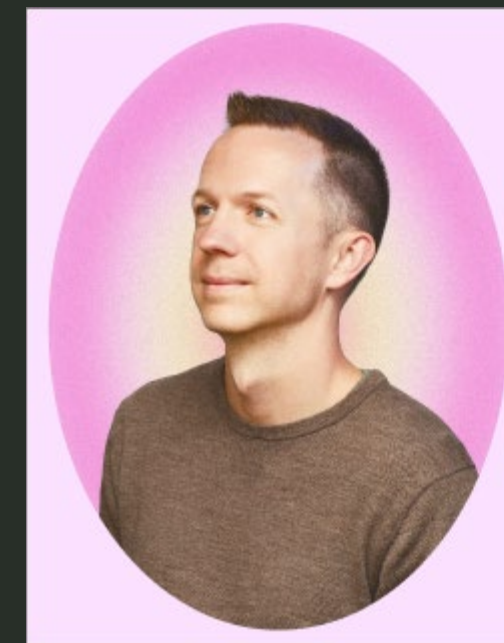


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Dustin is an information security researcher turned bitcoin day one adopter, evangelist, and investor.



Stephen Cole

VENTURE PARTNER

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Stephen led tech teams in Silicon Valley before becoming a prolific angel investor.



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Matt is a longtime follower of Austrian Economics with a career spanning the LP and GP side of venture capital.



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Zach is a young professional fascinated with the innovation and disruptive potential of bitcoin-native startups.

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