BITCOIN:
USE CASES

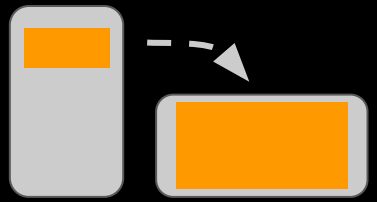
@anilsaidso

Introduction

We often misunderstand new technologies because they don’t neatly fit into to our worldview **yet**. They enable us to do things we previously couldn't and they change our behaviour.

This resource can be used as a guide to better understand the multitude of way in which bitcoin can be useful to us and as a basis for considering all the industries, systems and assets that could be disrupted by bitcoin in some way.

Suitable for Beginners



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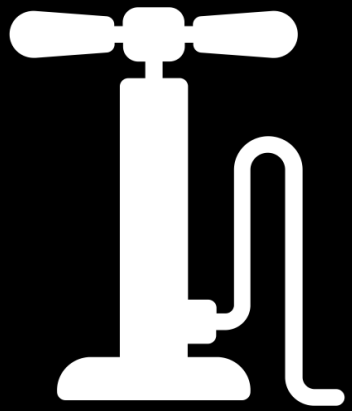
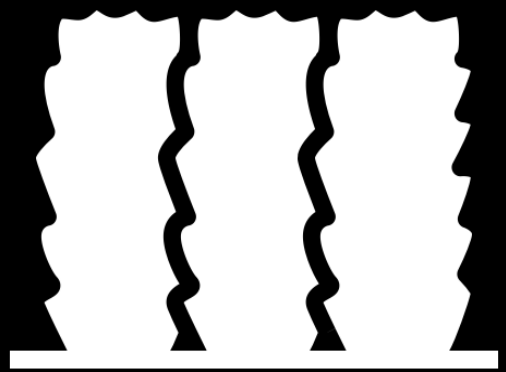
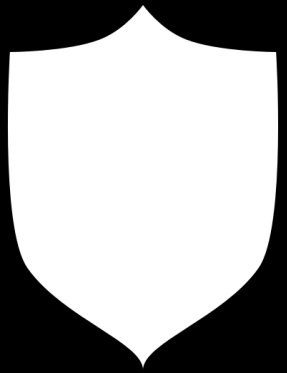


INFLATION



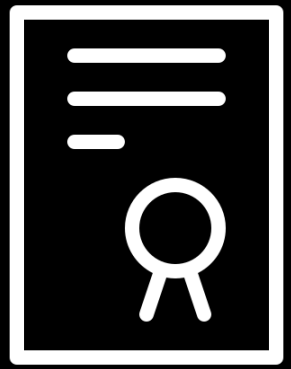
HEDGE

In a world of fiat currencies where debasement is unpredictable yet accepted, bitcoin's preset monetary policy with a fixed terminal supply is a contrasting system that removes intentional destruction of purchasing power.

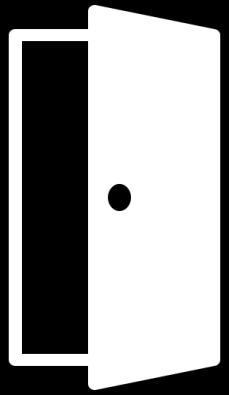


WEALTH **PROTECTION**

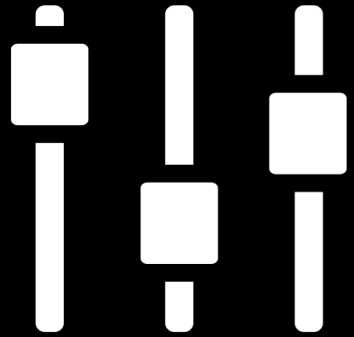
Bitcoin is a permissionless global network enabling wealth to exit jurisdictions/regimes without the threat of arbitrary confiscation. This ability to flee persecution or dictatorship with one's savings intact gives leverage back to the individual, incentivizing states dependent upon taxation to act with integrity and justice.



CALL OPTION on a NEW SYSTEM



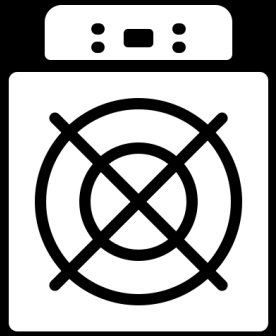
Owning bitcoin today is owning a non-dilutive share of all the base money in the new digital world before the full transition has taken place. Part of bitcoin's price today represents the likelihood that it will eventually become the native money of the Information Age.

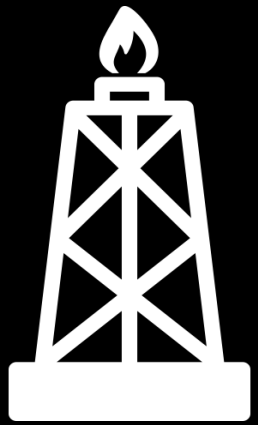


DETECT

CAPITAL CONTROLS

"Bitcoin can approximate unofficial exchange rates which, in turn, can be used to detect both the existence and the magnitude of the distortion caused by capital controls & exchange rate manipulations."
-Dr. Gina Pieters





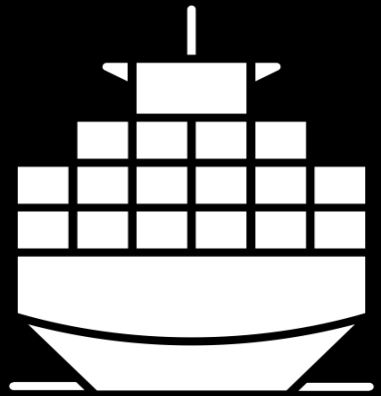
MONETIZATION of STRANDED ENERGY ASSETS

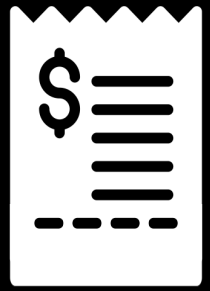
Bitcoin mining operations are location-agnostic energy buyers. This means that energy resources that were previously uneconomical to develop should be re-assessed under these new assumptions and variables.

UNCORRELATED **ALPHA**

"Bitcoin's correlation to other assets from January 2015 to September 2020 is an average of 0.11, indicating there is almost no relationship between the returns of bitcoin and other assets."

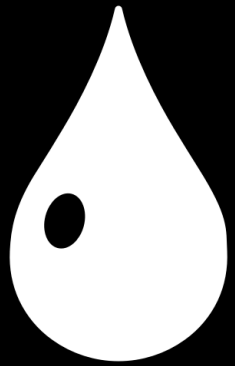
-Fidelity Digital Assets: Bitcoin Investment Thesis Report (2020)

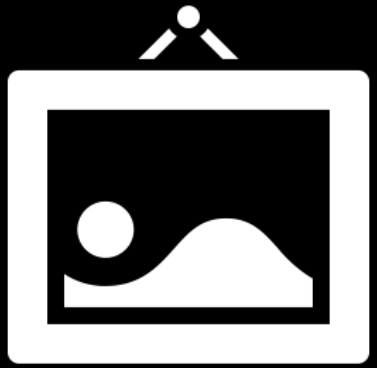




HIGH-VALUE SETTLEMENT

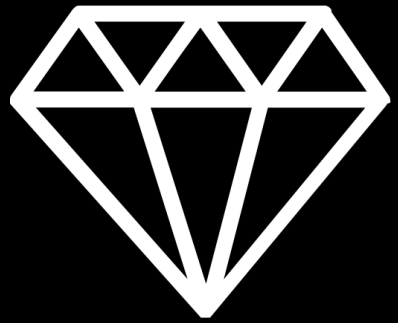
The bitcoin network enables moving a billion dollars worth of value across the world, securely and in minutes, for less than a few dollars. It's becoming a more attractive method of final settlement for high-value transactions than traditional financial infrastructure.





LIQUID ALTERNATIVE to PHYSICAL SoV ASSETS

A challenge with many physical store of value assets (fine wine, vintage cars, high-end art) is storage, maintenance and authentication. Bitcoin, being purely digital and publicly auditable, has no such costs. In addition, it offers significantly greater liquidity, trading 24/7 in a truly global market.



COLLATERAL for LENDING

The credibility of bitcoin's scarcity (independently verifiable via a full node) as a bearer asset makes it an ideal form of collateral in transactions. We are now seeing an explosion in fiat-denominated lending due to its tax advantages. Additionally, the programmable nature of bitcoin (i.e. multi-signature custody schemes) add a layer of flexibility to loan agreements.

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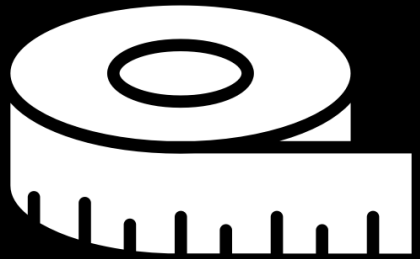
CREDIT CARD

REWARDS

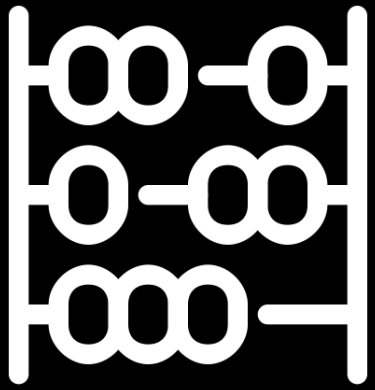
Rewards & cash-back programs are dependent on having attractive incentives to encourage membership. Currently, centralized arbitrary point systems are the norm, where conversion calculations are difficult and terms & conditions opaque. Bitcoin, as a globally recognizable money, reduces friction and improves redemption optionality for consumers. Additionally, the feature of long-term increases in purchasing power are proving to be desirable.

TREASURY RESERVE



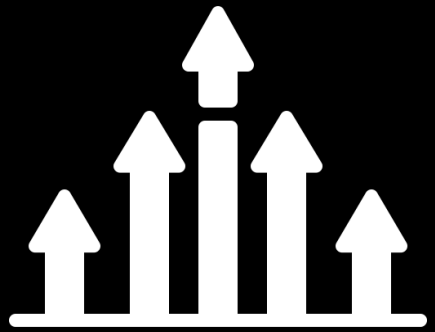
STANDARD

"Traditional treasury strategies no longer work to preserve shareholder value. Corporations need new techniques to manage the dilutive impact of monetary inflation on their balance sheet. The best idea is Bitcoin."
-Michael Saylor (CEO, Microstrategy)



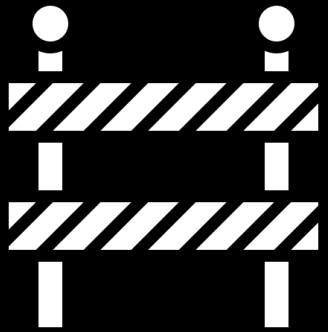
UNIT of ACCOUNT

Bitcoin's fixed terminal supply makes it ideal as a uniform measure for value exchange. Denominating goods, services, assets or investments in bitcoin provides a uniquely constant point of reference for purchasing power across time.



INVESTMENT **BENCHMARK**

Bitcoin's rise over more than a decade has proven to have been a phenomenal long-term passive investment strategy. As liquidity becomes less of a risk, capital allocators are now forced to justify their active strategies if returns fail to outperform simply holding bitcoin.

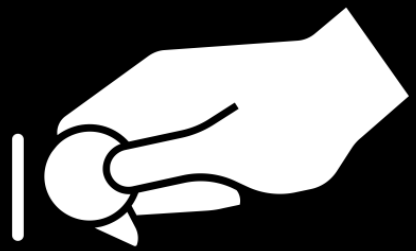


CENSORSHIP-RESISTANT

TRANSACTIONS

The decentralized and permissionless nature of the Bitcoin network means no single entity can exclude participants or censor valid transactions.

Lightning Network



MICRO PAYMENTS

A single bitcoin can currently be divided into 100,000,000 smaller units (satoshis), with further divisibility down to 1/1000th of a satoshi supported by Lightning. This enables a level of granularity that fiat currencies cannot match at bitcoin's current unit price, opening up entirely new markets and business models (i.e. individually paywalled blog posts or podcasts vs. monthly bundled subscription).

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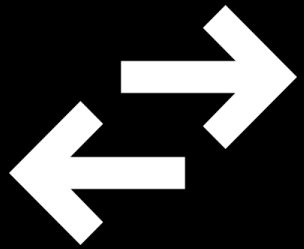
Lightning Network



REMITTANCE and FX EXCHANGE

Bitcoin is a universal network and consensus rules do not differ base on geographical location. When coupled with a high-frequency and high-throughput secondary layer like Lightning, instant and near-free remittances become possible.

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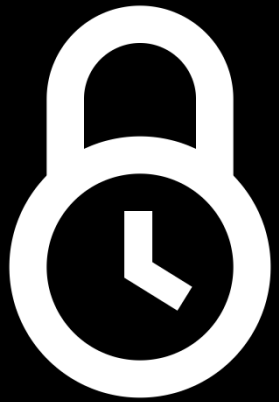
Lightning Network



TIME-LOCKED CONTRACTS

The combination of cryptography, digital signatures and hash functions allows us to create time-based escrows. Hashed Time Lock Contracts (HTLCs) are conditional payments that require the recipient to acknowledge they've received a payment by a set deadline or forfeit the right the claim it.

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Lightning Network

VALUE

STREAMS

Setting up recurring high-frequency micropayments for access to streamed content (livestream, video, audio), or as a tip to the creator, defined by set parameters (e.g. pay 100 sats/minute of audio content). This alters the economics of content creation, allowing individual pieces of content to earn ongoing revenue and removing the need for in-program advertising.

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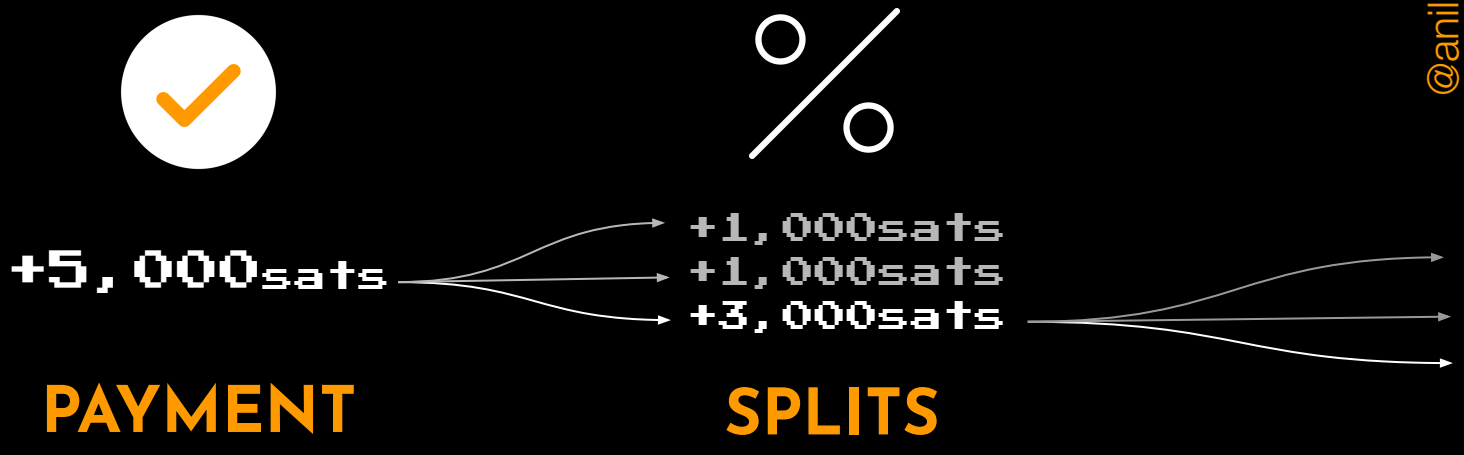
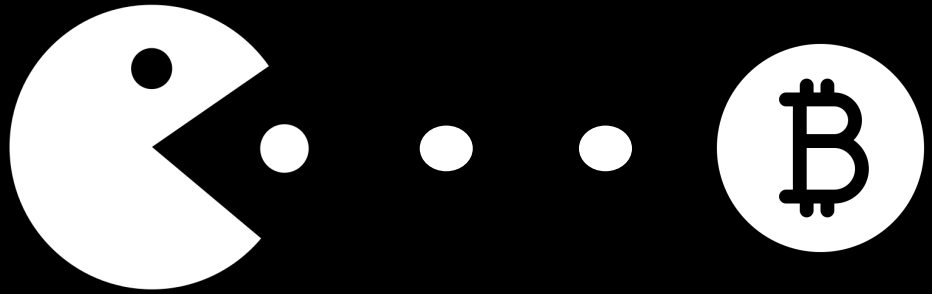


Automating the division of compensation among a group, whereby a receiving Lightning address has been programmed to redistribute the amount, at predefined ratios, between multiple other addresses. When one of those recipient Lightning addresses can also specify their own predefined redistribution splits, a *workflow* for value is essentially created. Conceived by Andrew Camilleri, these are known as *Lightning Prisms.*

Lightning Network



IN-GAME CURRENCY

Previously, all in-game currencies have been virtual (existing only within the confines of a created environment). Bitcoin can be integrated into video games as the native unit, incentivizing participation and enabling real in-game economies to develop. It also opens up the ability to gamify menial tasks with compensation carrying real-world value.

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Anil
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Thanks for reading.

It's always worth taking the time to comprehend disruptive technologies because you can never know exactly how they may impact you or your industry in the future.

Feel free to share this eBook with your friends and family in order to help them better understand Bitcoin.

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