


Most Influential in Blockchain 2017 #5: Joe Lubin

 coindesk.com/markets/2017/12/31/most-influential-in-blockchain-2017-5-joe-lubin

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December 31, 2017

This article is an entry in CoinDesk's Most Influential in Blockchain 2017 series.

There's something about the way Joe Lubin relaxes that sums him up as a manager.

Shoes off, revealing a pair of plain black socks, he rests his feet high on top of his desk in the corner of the same room where his staff diligently plugs away at their computers. Staring out a window overlooking Brooklyn, everything about him seems perfectly calm.

But something there, underneath, betrays a hidden ability to strike. While his employees seem to adore him, the competition has learned to tread softly.

If cryptocurrency truly is the new Wild West, Lubin would play the part of the cowboy well, coolly undoing the clasp of his holster as he stares down an opponent.

In the tradition of many a lasso-wielding pioneer before him, Lubin has become a legend of sorts by helping blaze a trail for a new breed of enterprising adventurer looking to unearth exotic exports.

But as a co-founder of ethereum, the third-largest public blockchain by value, Lubin isn't only trying to stake as much land as he can in the hotly contested space, he also helped create the territory itself. Whether private or public implementations, much of the work at ConsenSys focuses on furthering just one platform – ethereum.

This year, that unique position paid off with almost exponential growth.

Since January, the number of ConsenSys employees has exploded by almost 400 percent, while the decentralized organization itself has grown to include 37 different companies in industries as diverse as prediction markets, energy and accounting.

The expansion itself places ConsenSys among the fastest growing companies in one of the fastest growing industries. But going forward, instead of expansion into *new* industries, Lubin expects to see growth in a new direction: upward.

He tells CoinDesk:

"We've mapped out the space, we've mapped out our capabilities, we've demonstrated real traction in a lot of our business lines, so we're just keeping the engines churning because they're working really well."

A search for self-reliance



Long before Joe Lubin was the head of one of the most influential startups in blockchain, he worked his way up the ladder in the late 1990s to become the vice president of technology for the private wealth management division of Goldman Sachs.

But the terrorist attacks on the World Trade Center in 2001 caused him to re-evaluate the way "the world's organizations are structured," he said. Inspired in part by his reading of Ayn Rand as a younger man, he embarked on a process of learning why centralized control sometimes goes wrong, and when alternatives might be right.

"Decentralized infrastructures, if they're executed well, can be more fluid, can be more responsive, can distribute power more broadly, equitably," he said.

Further distraught by the financial collapse of 2008, Lubin next embarked on a global journey. At one time, he even went so far as to place an offer on land in South America, before settling in Jamaica, where he briefly attempted a career managing a musician.

"I played the keyboards mostly," he says, smiling wryly, and gesturing as if typing on a *computer* keyboard. But Lubin's career in the music business was short-lived. Just a year later, the bitcoin white paper was published and at last he saw the building blocks for the new way of organizing systems he'd been looking for.

By the time he received a copy of Vitalik Buterin's ethereum white paper on January 1, 2014, he was well along the way of being an expert in how the technology worked.

He calls it his "ethereal moment."

In his first ever article on the ConsenSys site, Lubin wrote:

"Since that day in January, I – in conjunction with many gifted thinkers and technologists – have labored obsessively to help bring ethereum, and elements of the decentralized economic and social ecosystem that we are building on it, into existence."

When ethereum mined its genesis block on July 20, 2015, Lubin had already founded ConsenSys and was working with a core group of employees to build on the first expansion.

Gold Rush

Just as the California Gold Rush sent a wave of cowboys to uncharted territory, ethereum beckoned its early adopters.

Following the promise of a decentralized ledger similar to bitcoin, but with a computer language enabling entire applications to be decentralized, Lubin drove his first stake into the ground at a small office in Times Square.

Shortly thereafter though, rising real estate prices and the desire to create a culture distinct from Wall Street forced the company to Brooklyn, New York. A far cry from the wagon trains to the Wild West, the move to 49 Bogart Street could be traversed with a short subway ride.

Unlike the sleek skyscrapers that house Lubin's former employer and other legacy institutions, the entrance to the brick building headquarters is wedged between a hip cafe and an old loading garage left-over from when the area was still part of New York's influential "Industry City."

Finding the unmarked entrance and ringing the bell has become a rite of passage of sorts for potential customers of ConsenSys, who might not otherwise venture to that side of the Hudson River.

Initially occupying just a single floor of the building, ConsenSys had grown to 100 employees and 30 companies, or "spokes" by the beginning of 2017. The company has since experienced its own version of manifest destiny, and grown to fill almost every square inch of the building. This year alone it has grown 370 percent to more than 470 employees and now consists of 37 spokes.

"We're growing fast," says Lubin.

Over that same 12-month period, the price of ethereum's native cryptocurrency, ether, has increased in value from under \$10 in January to more than \$700 today, and the total market valuation has grown to more than \$70 billion.

But while ConsenSys' spiritual heart is in Brooklyn, officially, the startup is headquartered in Switzerland.

Established as a limited liability AG, the decentralized company is structured so that it owns independent entities that are in turn incorporated in jurisdictions around the world.

In addition to formal offices in Dubai, Washington D.C. and Singapore, Lubin counts a series of partially staffed "proto-offices" in Paris, Capetown and Sydney, which he expects will formally incorporate in 2018.

Making money



While the end result of the California Gold rush was an explosion of new cities, what drove the pioneers was the promise of riches. And to help incentivize the growth of this unusual startup infrastructure, Lubin employs a new type of compensation scheme.

Employees, or "members" as his staff refer to themselves, are not only paid a traditional salary, but are frequently tied to the hub via a two-way stock connection.

ConsenSys itself not only has an ownership stake in the spokes, but the spokes also have a stake in the hub. Occasionally, compensation in the form of intellectual property rights is also included.

"All of our projects are part of ConsenSys culture," says Lubin. "But they have their unique subcultures."

As an example of how one of these spokes functions in the wild, crypto-enabled prediction market Gnosis set the trend in April for the way many crypto-companies now raise money via an initial coin offering or ICO.

Gnosis, with Lubin as both board member and advisor, held onto 95 percent of the crypto tokens it created, raising \$12.5 million from its sale of a five percent stake. Yet, the sale also created value that, at the time, effectively gave the firm \$300 million in capital for future use.

While the ConsenSys spoke wasn't the first to employ this strategy, the success of the ICO brought new visibility to the fundraising technique, and preceded an explosion of interest.

Since the Gnosis ICO in April, the total amount raised by token sales has risen more than 1,000 percent, to \$3.7 billion today (not counting fluctuations in price). As activity in this space continues, even mainstream companies have begun issuing their own tokens, not only as a capital raising mechanism, but also to give their users utility on the next blockchain-based generation of platforms.

While ConsenSys is not yet profitable, it's generating "millions of dollars" in revenue consulting with enterprise and government organizations, as well as providing services such as code audits for a fee. Lubin predicts a number of the companies' projects will be generating "significant revenue" by the second quarter of 2018, specifically listing the natural resources capital marketplace, Veridium, among the most promising for near-term revenue.

Speaking more broadly, he added:

"We can't help but move into the black anytime soon."

Land rush

And here, history also provides a parallel.

The Gold Rush may have started the cowboys on their way, but it was the Land Rush of 1889 that triggered the real growth. At ConsenSys, that has meant allowing its influence to grow beyond its own borders.

In response to increasing industry demand for jobs, ConsenSys launched the ConsenSys Academy in July to help educate the next crop of ethereum employees. That same month, the company kicked off the Blockchain for Social Impact Coalition (BSIC), aimed at solving social and environmental issues.

Since then, BSIC has grown to 30 members, and the academy just graduated its first class of more than 100 students, selected from a pool of around 1,000 candidates.

Most notably though, Lubin solidified his impact beyond the spokes of ConsenSys by helping drive the launch the Enterprise Ethereum Alliance (EEA). The consortium of legacy institutions, blockchain startups and government entities has grown by 525 percent this year to 250 members, including British oil giant BP, bulge-bracket bank JPMorgan Chase and software developer Microsoft.

The largest of several blockchain consortia by total membership, EEA competes against similar groups such as R3 and Hyperledger, though it is the only group established from the beginning with the aim of helping benefit public blockchains, and not their private, permissioned alternatives.

Collectively, Lubin seems to think the overall structure of ConsenSys is nearly complete.

Internally, his hub-and-spoke system is designed to be a decentralized incubator that stretches deep into each of the various verticals that have been identified as ripe for disruption by blockchain.

In the years to come, instead of any significant expansion, Lubin says to expect more of the same, "only bigger and better," concluding:

"We're doing what we want to do, we're doing it how we want to do it."

Want more? Hear Joe Lubin's story in his own words:



Watch Video At: https://youtu.be/d_LYMtl7hjs

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