

BLOCKCHAIN SCOPING OUT KEY PLAYERS

Mission 2.3

Venture Capital

EntryLevel 2023

1. What are the key players in blockchain technology?

Answer: The key players in blockchain technology are Coinbase, Canaan Inc., and Riot.

2. What are their size (valuation, headcount and market share)?

Answer:

a. **Coinbase Global Inc. (COIN)**

- Enterprise Value: \$17.71B
- Headcount: +3400 employees.
- Market Share: 3.1\$B (2022), 27% of blockchain industry total sales (\$11.14B) in 2022.

b. **Canaan Inc. (CAN)**

- Enterprise Value: \$263.75M
- Headcount: +541 employees.
- Market Share: \$635M (2022), 5.7% of blockchain industry total sales in 2022

c. **Riot Platforms. Inc. (RIOT)**

- Enterprise value: \$1.38B
- Headcount: 489 employees
- Market Share: \$259.2M(2022), 2% of blockchain industry total sales in 2022

3. What are their core products and services?

Answer:

a. **Coinbase Global Inc.(COIN)**

Coinbase derives its primary income from trading fees, markups on spreads, and fees for custody assets. Users are billed for cryptocurrency transactions, encompassing purchases, sales, and asset conversions. For active traders, Coinbase Pro provides graduated fee schedules. Additionally, Coinbase generates revenue through staking services, allowing users to receive rewards for holding specific cryptocurrencies.

b. **Canaan Inc. (CAN)**

The primary source of revenue of Canaan Inc. derives from selling integrated circuit(IC) final mining equipment products for bitcoin mining and also offers services to assemble and distribute mining equipment and spare parts.

c. **Riot Platforms. Inc. (RIOT)**

Riot Blockchain, Inc. primarily derives income from its cryptocurrency mining operations, particularly the mining of Bitcoin. They earn revenue by solving complex mathematical puzzles and validating transactions on the Bitcoin network, for which they are rewarded with new Bitcoins and transaction fees. The company also provides co-location services for institutional-scale bitcoin mining companies; and critical infrastructure and workforce for institutional-scale miners to deploy and operate their miners. In addition, it engages in the design and manufacturing of power distribution equipment and custom engineered electrical products; electricity distribution product design, manufacture, and installation services primarily focused on large-scale

commercial and governmental customers, as well as a range of markets, including data center, power generation, utility, water, industrial, and alternative energy; operation of data centers; and maintenance/management of computing capacity.

4. How are these companies growing? (Sales Revenue, net profit margin, cost of customer acquisition(CAC), and net promoter score)

Answer:

a. **Coinbase Global Inc (COIN)**

Since 2019, Coinbase had significant growth with a global annual revenue of \$534M, it had an increase of 132% in 2020 with an amount of \$1.27B. The following year 2021, the annual revenue was \$7,839B, a 513.66% increase from 2020. However, a 59.25% decline in Coinbase annual revenue occurred in 2022 with an amount of \$3.194B and from the quarters ending on June 30, 2023, a 12.42% decline was recorded compared to the past years' event.

During quarter two of 2023, coinbase's net income was \$-1.2B, followed by a revenue of \$2.70B, which resulted in a -47.33% net profit margin.

Despite a negative net profit margin, coinbase's has a good promoter score of 15 with 47% promoters, 21% Passives, and 32% Detractors.

b. **Canaan Inc (CAN)**

Canaan had a huge increase from 2020 to 2021 with an annual revenue of \$69M to \$783M, and the following year 2022 the revenue was \$635M, a decrease of 19%.

In quarter two and quarter three of 2022, Canaan had a net profit margin of 43.04%, and it decreased to 11% at the end of 2022.

c. **Riot Platforms**

Between 2020 and 2021, Riot platforms had a significant increase in revenue by skyrocketing from \$12M to \$213M. In 2019, Riot's revenue was \$7M, and in 2022 the company made \$259M.

In quarter one of 2022, Riot had a net profit margin of 5.04%, it has considerably decreased to -196.61% in the last quarter of the same year. In the second quarter of 2023 Riot had net profit margin of -107.53%.