

# BLOCKCHAINS

MINING NUMBERS NOT GOLD

PRESENTED BY



neuroware

# DESPITE A FAMILY IN FINANCE I'VE MADE ONLY ONE INVESTMENT



**Mark Smalley**

Founder & CEO

Living in Malaysia for 20 Years

Building Web Applications for 15 Years

Building Tech Communities for 10 Years

Building Blockchain Apps for 5 Years

With **40,000% returns** in 5 Years

**MONEY BEGETS MONEY**

**WHICH IS WHY WE HAVE BLOCKCHAINS!**

# IT ALL STARTS HERE - ON THE ISLAND OF YAP



**SHOPPING WAS NOT EASY**



SO THEY CREATED THE WORLD'S FIRST PUBLIC LEDGER



# WHERE UPDATES REQUIRED GROUP CONSENSUS



- Size wasn't everything
- The history of each stone determined it's individual value
- Conducting transactions quite literally involved a song & dance
- This required the majority of people from the village to be present

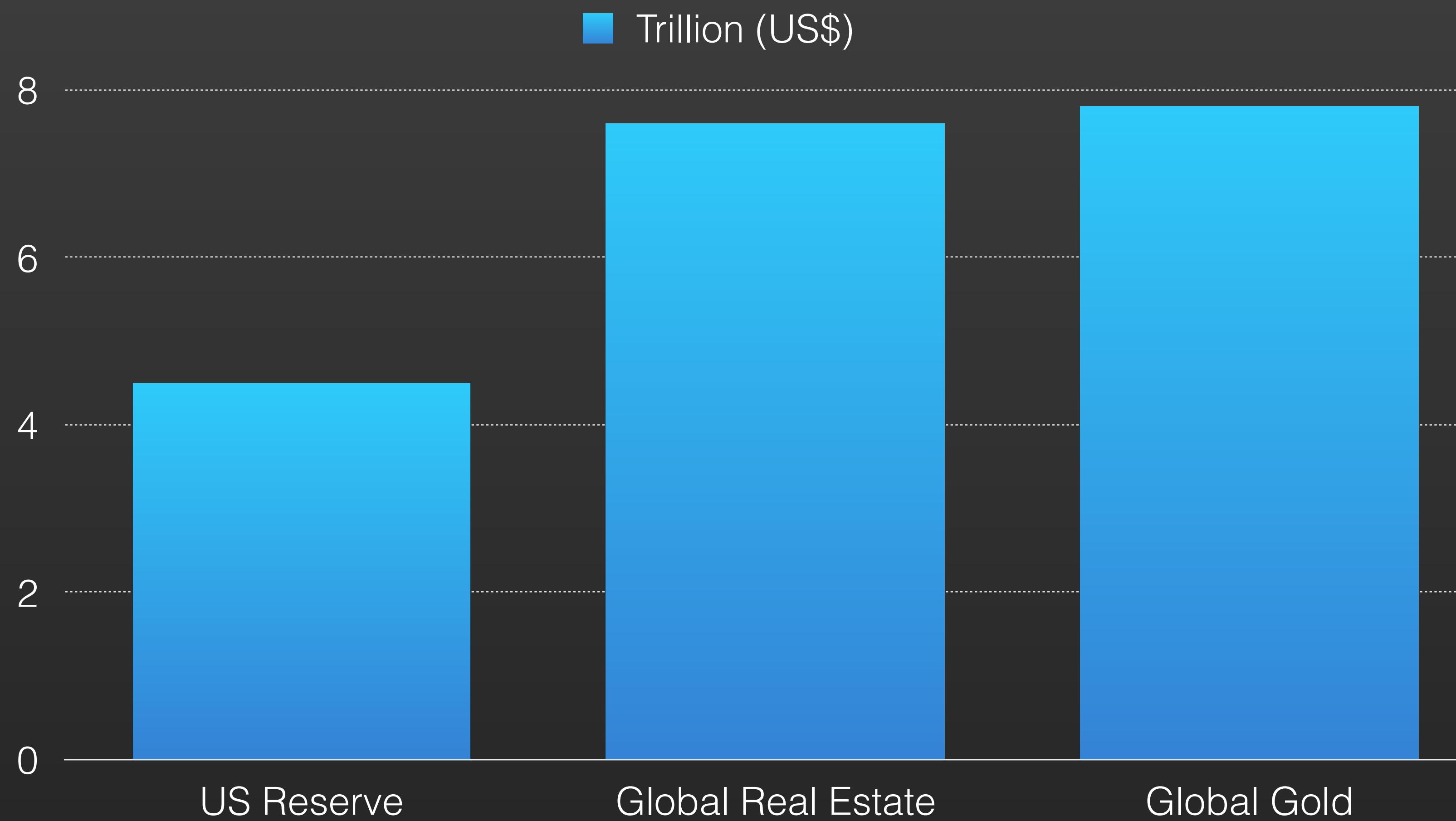
# ONCE UPON A TIME - THERE WERE GOLD STANDARDS



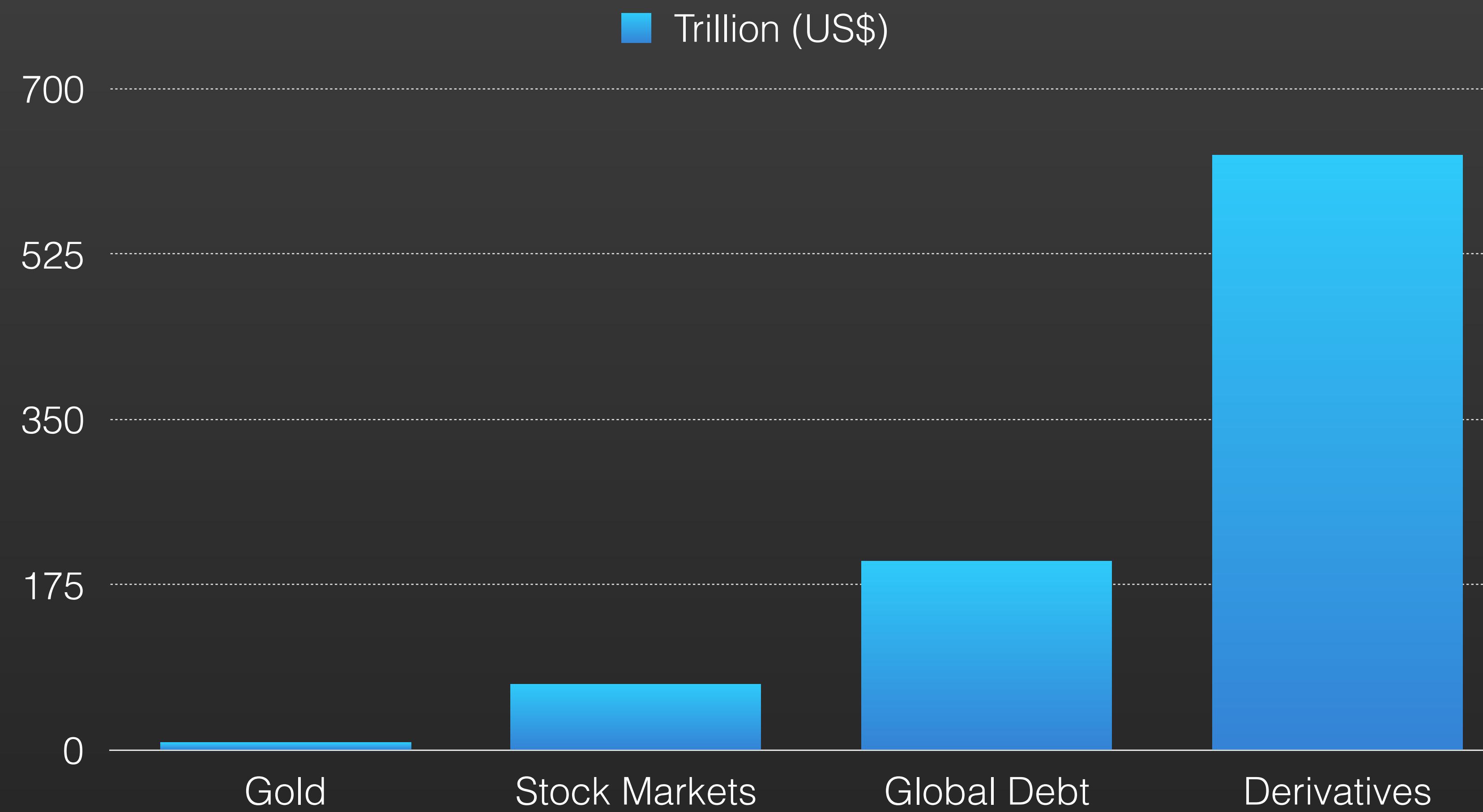
# THE END OF AN ERA - MONEY IS COMPLICATED

- 1873 to 1914 - All major worldwide currencies were 100% backed by gold
- After WW1 ended the USA switched to **Fractional Reserve Banking**
  - started by printing US\$50 for every US\$20 deposited in gold
- During WW2 the USA accumulated 2/3rd's of all gold, forcing all currencies to switch to fiat-systems pegged to US\$, which was pegged to gold
- 1971 - Richard Nixon ended the gold standard, introducing **petrodollars**

# WHEN WE THINK OF THE US DOLLAR WE THINK OF **REAL MONEY**



# DEBT & CENTRALIZED ASSETS MAKE THE WORLD GO ROUND



# IT ALL ENDS IN TEARS (512 US BANKS CLOSED SINCE 2008)



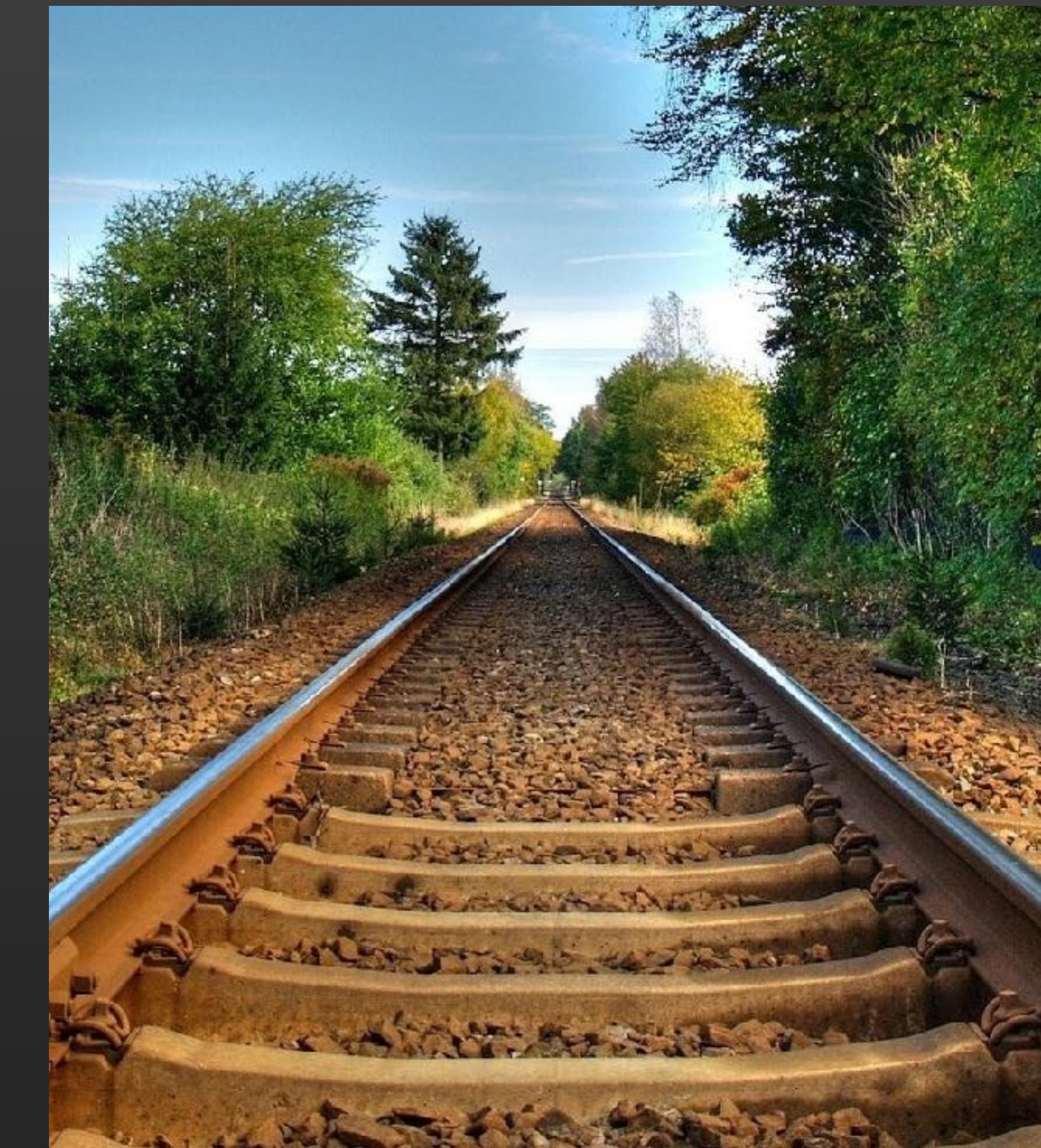
# BITCOIN

( first successful asset traded on blockchains )

vs

# BLOCKCHAINS

( the underlying technology - a shared ledger )



# WHAT ARE THE BENEFITS OF DISTRIBUTED **PUBLIC** LEDGERS?

- They provide an **immutable** tamper-proof audit-trail of the truth
- Data can be easily **shared** and independently verified by third-parties
- Vastly increased **security** that is much less vulnerable to attack or outage
- Programmable **contracts** that can radically reduce human errors and costs



“While Fintech Disrupts Banks,  
the Blockchains Disrupt Fintech”

# INTERESTING BITCOIN BLOCKCHAIN FACTS TO REMEMBER

- Bitcoin blockchain released in January 2009 by Satoshi Nakamoto
- We do not know who Satoshi is, or what their religion or political views are
- However, the bailout of 2008 was cited as primary catalyst for its creation
- RM50 per coin in 2013 (when we bought) - now over RM5,000 per coin
- The Bitcoin network is currently processing over 250,000 daily transactions
- The network's market capitalization is currently around RM60 (ish) billion
- 21 million maximum finite supply, decreasingly dispersed every 10 minutes
- **But most importantly of all is the technology behind it...**

# BITCOIN AND BLOCKCHAINS HAVE NO NEW TECHNOLOGY



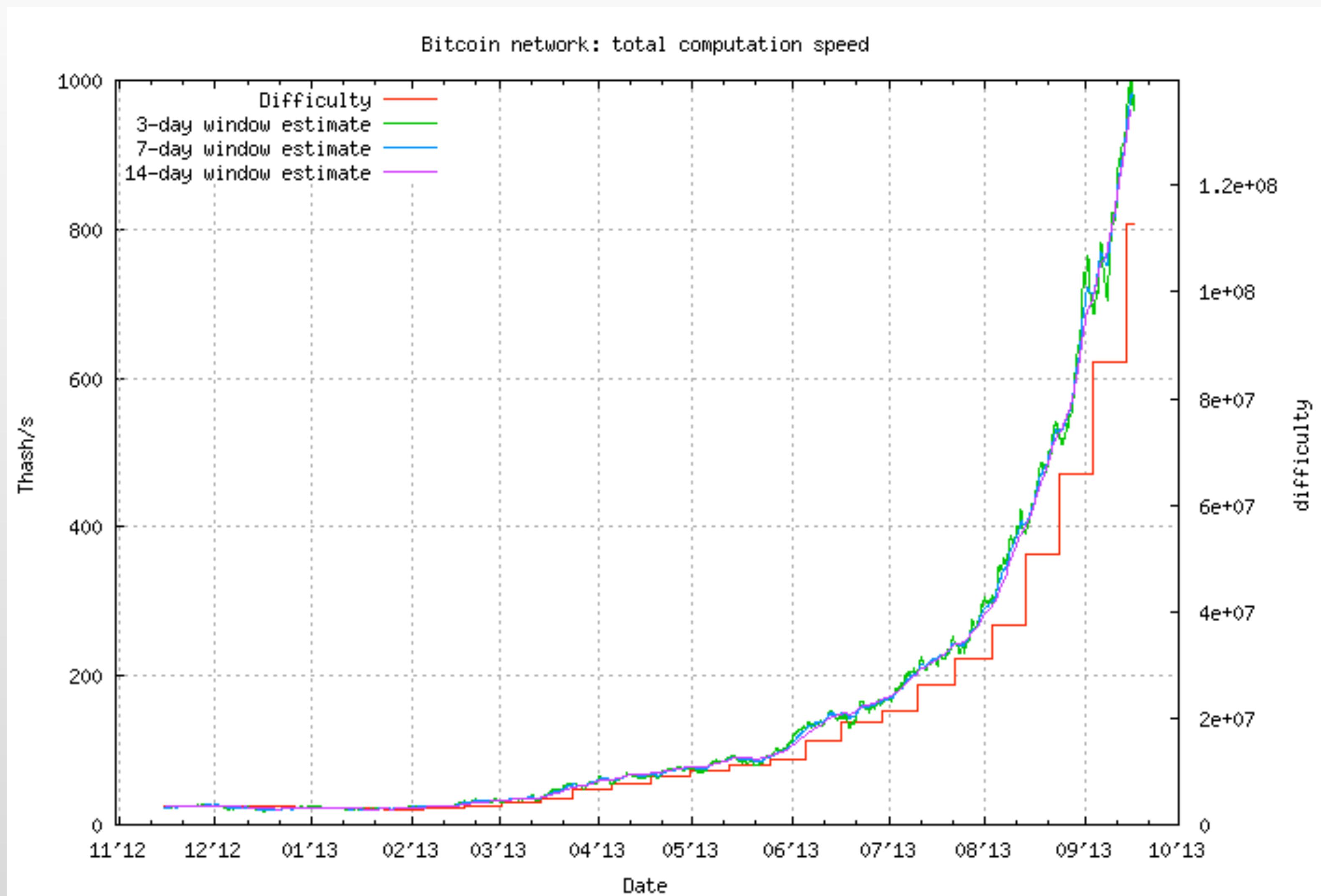
- HASH - Theorized in the 1800s - Coined by IBM in the 1950s
- SHA - Encryption method first introduced by US Navy in 1993
- P2P - Peer to peer protocol popularized by Napster in 1999

# MINING FOR NUMBERS

- To reach **consensus** as to which node has the right to add the next block to the chain, miners compete in a race to solve cryptographic equations
- Miners gather and in-turn verify unconfirmed transactions into blocks
- They then add a nonce (one use number) to the block and hash it
- If the hash has X number of zeros at the beginning it becomes a valid block
- Otherwise the miners increase the nonce and they hash the block again
- Solving these cryptographic equations is becoming increasingly difficult



# THIS IS THE HASHING POWER OF THE NETWORK IN 2013



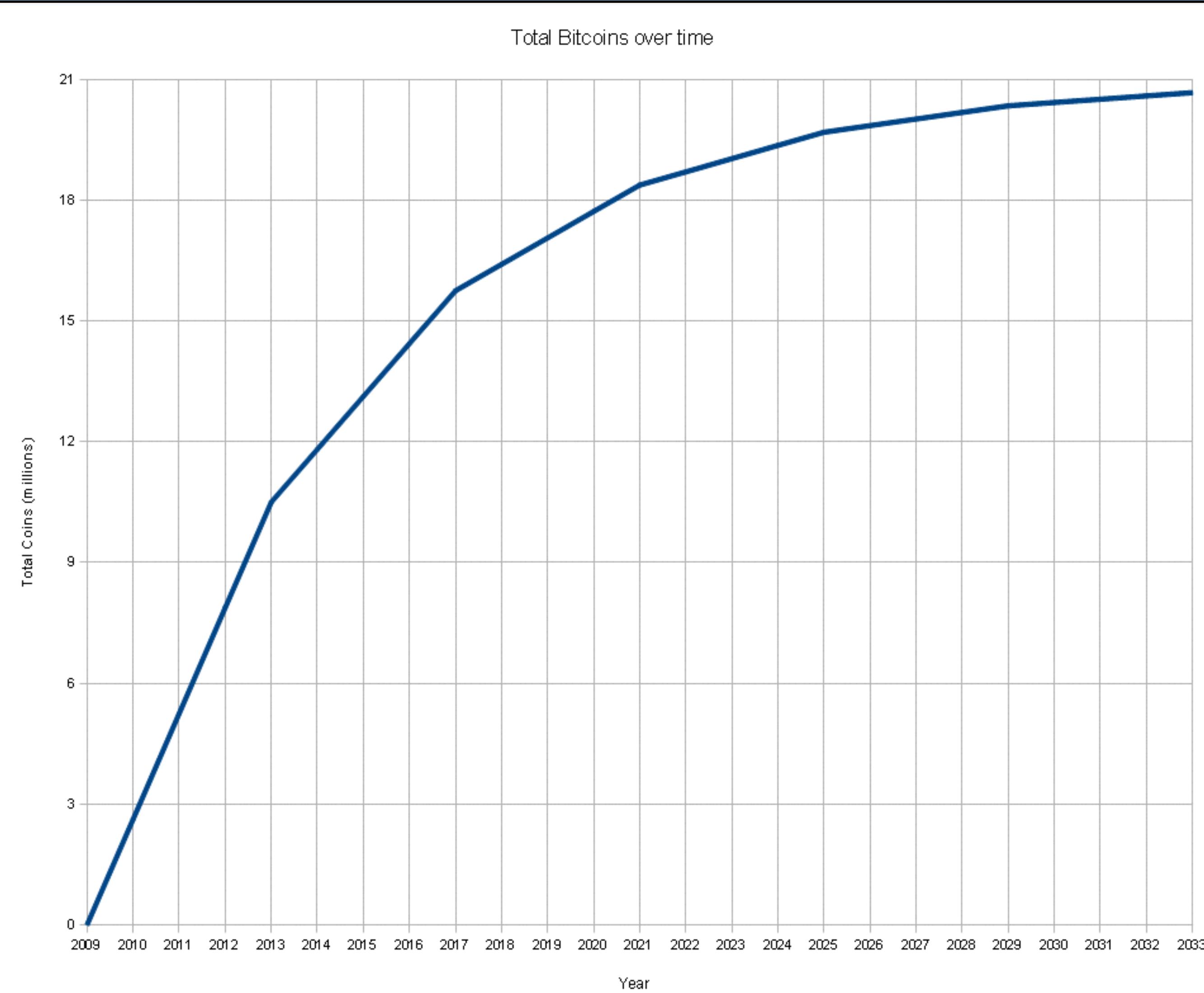


# MINING IS NOW A BILLION DOLLAR BUSINESS





# BITCOIN SUPPLY - 21 MILLION - 2009 to MAY 7th, 2140



# IS BITCOIN A CURRENCY, COMMODITY OR TOOL ...?

Traits of Money	Gold	MYR / Fiat	Bitcoin
Durability		<b>fragile</b>	
Portability	<b>heavy</b>		
Divisibility	<b>difficult</b>	<b>limited</b>	
Uniformity	<b>if processed</b>		
Limited Supply	<b>theoretically</b>	<b>printed at will</b>	
Sunnah Money	Commodities	MYR / Fiat	Bitcoin
Intrinsic Value		<b>representation</b>	
Inflation Proof	<b>unknown</b>	<b>debt based</b>	
Acceptability	<b>limited</b>		<b>growing daily</b>

# IMPORTANT TO HAVE CLEAR, EFFICIENT FINAL THOUGHTS

Bitcoin is not legal tender and must  
be used at the investors own risk



**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

- This is no different to gold, currencies from other countries or commodities
- Although the fate of Bitcoin is uncertain, there will always be public currencies
- The potential for tamper proof data storage is endless and certain ...

# THANK YOU

NOW IS THE TIME TO QUESTION THINGS

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