



ERIN GRIFFITH BUSINESS 05.15.18 07:00 AM

WHEN THE BLOCKCHAIN SKEPTIC WALKED INTO THE LIONS' DEN

 HOTLITTLEPOTATO

IT TAKES CHUTZPAH to walk on stage in front of thousands and declare that most of the people in the room are totally full of shit. That's how Jimmy Song, a venture partner at Blockchain Capital, entered Monday at Consensus, the biggest [cryptocurrency](#) conference of the year, at New York's Hilton Hotel. That he did so sporting a black cowboy hat and boots was merely a bonus.

Song, an investor and [bitcoin](#) enthusiast, declared he hadn't seen anything of interest at the conference's three floors of packed displays, breakouts, and roundtables. An endless string of sponsor logos floated by on a 40-foot screen behind him. But Song said most of the problems being tackled by those companies don't need [blockchain](#) technology. "Blockchain is not going to solve all your problems for you," he declared. "You're a hammer-thrower just looking for nails." When you have technology in search of a use, he said, "you end up with crap that we see out there in the enterprise today."

Indeed, as the crypto craze has gathered hype over the past year, mercenaries have rushed in, leveraging enthusiasm around the technology to raise money, artificially boost their stock prices, and ride a cycle of good press. But the cracks are starting to show: Some businesses that experimented with blockchain technology have [decided](#) they can achieve the same results with less cumbersome and less expensive tech tools.

In that way, Song pierced a hole in the near-religious zeal of crypto enthusiasts, who tend to sort the world into two categories: [HODLers](#) (true believers) and no-coiners (haters). That an insider would deride a large swath of the industry hints at its precariousness. Bitcoin, and other digital currencies with no underlying value, are worth something because people say they're worth something. But what if all of this—physically embodied by an elaborate, corporate-sponsored business carnival—is just an expensive, inefficient solution in search of a problem? Song was the first presenter I saw at the conference to forcefully challenge the industry belief that decentralized networks can solve just about any problem.

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Song hammered the point with gusto while his co-panelist, Ethereum cofounder Joseph Lubin, responded with measured counterarguments. Not all blockchains have to be expensive, Lubin said. Tech advancements will permit bigger projects. But Song was determined to suck all the hot air out of the room, at one point imitating Oprah giving away cars, shouting, "You get a blockchain! You get a blockchain!"

Song's issue is that most enterprise-software companies offering blockchain solutions don't benefit from decentralization. Blockchain technology is supposed to eliminate the need for a trusted third party to verify things like transactions and contracts. But most of the use cases available today still need some sort of third-party involvement, be it a bank, lawyer, or regulatory body.

In one example—global trade—Song argued that existing standards organizations can handle the problems blockchain purports to solve. Even if today's systems are broken, he doesn't see how blockchain can fix them.

"Blockchain is not this magical thing where you sprinkle blockchain dust over a problem," he said.

When Song declared that most projects being built today will not exist in five years, Lubin offered to bet "any amount of bitcoin" that he's wrong. Someone in the back of the ballroom shouted, "One million!" (Lubin's crypto holdings are [estimated](#) to be worth \$1 billion to \$5 billion.) The speakers agreed to decide on terms after the panel.

Song ended by saying he looked forward to meeting everyone in the room who was laughing at his views. The session's moderator responded that he could expect plenty of feedback; while they were onstage, her phone "was literally melting" from all the tweets.

Afterward, Song told WIRED he'd gotten mostly positive feedback, though plenty of people tried to convince him he was wrong. "There can be a feeling of, if you don't drink the Kool-Aid, you're stupid," he said.

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