Peter McCormack 5:46

the way UK football works or British football works is we're in the team we've got in non League. So you have the professional leagues, which is the Premier League Championship League One, League Two. And there's promotion and relegation. So us sport is socialist. You stay a capitalist country of socialist sport, you always stay in the top division. Well, we're more socialist as a country, but we have capitalist sport, there's promotion and relegation, it's brutal, it can destroy clubs can fall down the leagues and go bankrupt. But it doesn't mean you can buy a team at the very bottom and get them to the very top. And so I was met with grant to tell him, I was going to take this team from the bottom to the top.

Peter McCormack 6:30

non League clubs, their money comes from anyone who comes to a game, and any local sponsors they get, so you get 500 people to the game, they spend 20 pound, okay, you're gonna bring in 10 grand. And that means that's the money, you've got three games a month at home, you've got 30 grand to spend on your team running whatever.

Peter McCormack 7:38

your revenue. And I said, if we get this, right, we can have a local nonleague team, but get all those audiences. So we get the local audience because we're new and interesting, and they want to support us, because we're the Bitcoin team. If the bitcoin is I can convince them say, this is our team, we do this together, we then have an international following. And so that gives us a much better revenue model. So we have Gemini, they've been brilliant for us. They're our shirt sponsors, they've absolutely crushed it for us. And that's given us the revenue to do what we want to do. As an international sponsor, little tiny team. I don't even know what these

Grant Gilliam 8:15

every incremental amount of revenue is so meaningful at that stage. Because you know, I remember when we were meeting you were talking about, well, the players aren't really getting paid, or they get paid, you know, 20 bucks a game or whatever it is. And payroll isn't like that, that can be the difference between having a good player and having to someone who's their local person who likes to play.

Grant Gilliam 8:38

be a tremendous driver of success,

Peter McCormack 8:40

since I would say 60 to 70% of your chance of getting promoted is your budget. So you can have no budget and the best manager in the world and all the luck you're not getting promoted. You can have did I say no budget, then yeah, you can have the best budget, but a bad manager, and you still might get promoted. And so we've got a great manager and a good budget. And we won the league last year when nine points.

Peter McCormack 9:36

And so that means your revenue goes up. Can we get international supporters to buy our merch and come to games? Yes, we've got that and can we get international sponsors? Yes. But the impact of that has been incredible because we are a team of men senior team, but now we have we partnered with a lady's team called bear for girls and ladies. We bought the more new kits this year they became rail bed for ladies.

Peter McCormack 10:13

We've now got a partnership with Bethel Park Rangers, which is the equivalent on the boys. If they became rail Bedford, we'd have seven or 800 people playing under our name in our community. And they're all behind us and they might come to the game. So that does our local work.

Marty Bent 10:46

Where are you guys in relation to Wrexham

Peter McCormack 11:02

step five, but they just won the step one, and they're going into the professional league, so they're going to leak to most teams. A lot of teams, I say, when they come out of the National League and get into Ligue two, they immediately get promoted. That's the entire business plan. They

Peter McCormack 11:24

I think Wrexham will be a Premier League team within within a decade.

Grant Gilliam 12:29

And I think like the idea that you mentioned last night, like Bitcoin as a cheat code. I think that is a really interesting theme that applies to this, that applies to all kinds of businesses. And when we spent time together, I was just thinking, like, I love this idea. And I'm rooting for you. And I think that there's a, you know, there's a first mover advantage in this ecosystem in a lot of different ways. It's like, well, who's the the first one to do something like this? And I know there's like the baseball team as well. But like, you can only have so many initially, because if we're honest, you know, the the market like the the audience that you're going to draw from that are into Bitcoin that want to support a Bitcoin team. It's only so big. And so there are actually 1015 Different clubs that were all doing this. I don't I don't think they could, they could do it in the same way. So I think there is a first mover advantage to be you know, that that namesakes, like people want to make the pilgrimage to Bitcoin Commons and people want to make the pilgrimage to Bitcoin part, or to pub key. And, you know, there's going to be more of these over time, but I think the first one has got a big advantage and I was just thinking to myself, you know, I'm a huge football fan, you know, soccer fan I play I've been playing myself for you know, 36 years. And I want to see to be successful. I was like, I'm gonna grab that napkin. And so we parted ways, and you were going off to meet someone for dinner and I was going back home to you know, deal with like, diapers or something. And like, I'm taking that napkin and right away I've messaged you, guess what I got, like, once you make it to the Premier League, and however many years 10 years, or is it gonna be

Grant Gilliam 14:19

have to figure out a way to preserve it over that time. I wanted to bring it in, but you know, I'll hold it. Once you make it that napkins gonna be that's gonna be yours.

Peter McCormack 14:28

No, man that actually stays as yours now. That's one of those things. So the interesting thing about it is definitely a cheat code and this thing that I've been hammering to people because I'm telling you right now, there's people going to be listened to this podcast. I've seen Marty Ben grant. They're gonna be like, the title we like investing in Bitcoin or something rather, and then they will fuck he's talking about football again and they get really pissed off and I keep trying to hammer home this message. Stop thinking of this as football. Think of this as a Bitcoin project. A bit like when El Salvador announced they were going to die. Bitcoin suddenly everyone wanted to know about El Salvador. But I think there are people who who aren't into sports and football so like they have an aversion to it.

Peter McCormack 15:07

They keep saying to forget that look what's happening. We have a team, which is known as the Bitcoin team in the UK. So whenever we have success, we get pressed towards Bitcoin. We've had the BBC come to I mean, the fucking BBC do not go to a 10th year football team. They don't go to I mean, they they care about the Premier League. Wrexham

Peter McCormack 15:32

We've had CNN in touch with our Bloomberg in touch.

Peter McCormack 15:46

we have a meet up before a game once a month. You know, the first one we had it was standard remote with the only 100 over 100 people to a meet up in Bedford and we have Bitcoin stuff on our shirt. Yeah, there's big logo people wear and so I keep trying to say you can hate Bitcoin all you want. But this is a this is a project which is orange printing people.

Peter McCormack 16:06

we do have the pilgrimage. I was trying to find an email some guy just messaged me yesterday. He's like, we're going to be in the UK in December. We want to come to a game. For our final game of the season. We had we had this this is the fascinating bit.

Peter McCormack 16:48

before 150 people and this local council was like what what is going on? I spoke to him he said This is unbelievable. I was like yes, nobody in Europe is owning Bitcoin. We're trying to do that. We have 150 people coming in for our event. The hotel this one hotels fully booked out the spending money here they care about this. We've now reached out to the mayor we've got a response so we're going to be seeing the mayor talking about our project we've got because Bitcoin has so generously give us so much money we've got all these kids now playing in new outfits. We're going to build a training ground somehow we don't need to talk to you about we will build a new ground as well we will

Peter McCormack 17:32

Ben art comes down all the time if I can hate football. So with this we are orange pilling a town and we're telling a country about Bitcoin so you can hate football, you can get pissed off every time I talk about it.

Peter McCormack 17:42

we're not going to stop talking about it because it's it's doing a job. And that is the Chico the G code is we say with the Bitcoin team. Sunday, there's a swarm around us that wants us to win because they want their team to win. If you bought a basketball team ID and it became the Bitcoin team.

Peter McCormack 18:02

like, I really want to get into Bitcoin. It's like, you don't need to get into Bitcoin, you need to just attach Bitcoin to what you do. You got to you like running, start a running club, make it a Bitcoin running club. Whatever it is, you do like,

Peter McCormack 18:26

We've had a recent two recent drivers get in touch and they're all like how do we do this? Because they want the cheat code. Right? Yeah, the the cheat the Chico's. President. So yeah.

Grant Gilliam 18:36

Jonathan, on our team, you know, co founder of tech 31. He literally just wrote a piece called like Bitcoin as a cheat code. I think that is the title of it. And he basically, he used strike and fold as two examples of how are they leveraging the positive attributes of Bitcoin and the network effect of it as a cheat code to grow their business? And that's, you know, that's what we're talking about here. I mean, it's, it's the power of an open network. It's the power of, you know, enthusiastic supporters and followers. I mean, we saw it, when we started talking to prospective investors, you know, years ago, we kept, you know, Bitcoin just captures people, right, like once that something clicks in their mind, usually. And then they're just, you know, they're captured, like, all they can do is read as much as they can listen to as much as they can learn as much as they can. And then they want to get involved, and then they want to contribute in some way. And we were hearing this from prospective investors who, you know, they they met us, they saw that there was this fund that was going to support the ecosystem. And they're like, Yeah, we want we want to support the ecosystem invest. But it was more than that. It was like they wanted to contribute their skills, their network, their experience.

Grant Gilliam 20:00

very diverse group, it's family offices, it's University endowments, its pension fund money, but it's also just high net worth individuals, so entrepreneurs in and regardless of what their background was, it could have been, you know, there's a physician who was an entrepreneur, founder of a healthcare company, very successful, raised lots of money VC backed, and he's like, I got, like, I have to get involved, I have to contribute my network my skills.

Grant Gilliam 20:37

And like, leverage Bitcoin as a cheat code for our own business? And like, how can we open up the network of the people that we have, who are supporting us as investors, and let them you know, collaborate with the companies or let them collaborate with each other and, like, drive these interactions, to where, you know, maybe an idea pops from, you know, an interaction that they had at a event that we have. So we created this, this thing called what we call the 1031 tribe, which is basically just that it's like, it started off as just our investors, but then it sort of widened out to, you know, friends and the broader network that are connected to us, we bring as many founders that we're backing as possible to events that we do in person, you know, try to do a quarterly and just see what comes from it.

Grant Gilliam 21:29

the old world was walled gardens with with VC and like, we'll, we'll say, VC, but we don't even like to describe ourselves as a VC fund. We like to describe ourselves as an investment platform and an investment and support platform for the Bitcoin ecosystem. And the old world with traditional VC was walled gardens, and you have these LPS that give you money. And you know, at the end of the year, you'll get a tax statement, and you'll get some financial reporting to say how the funds doing but like the interactions with the companies themselves,

Grant Gilliam 22:01

No, you're not going to interact with them. But what we found is such a passionate enthusiast supporters of what's happening in this space, like, why not unleash that and see what happens from it, even if, you know, even if it's a deal that happens outside of Tinder, one we've had that we've had some of our investors, back companies in the space that had nothing to do with 1031. And, you know, we look at Bitcoin as a cheat code for that reason.

Peter McCormack 22:29

you get to rewrite kind of the rules of how you want to do things. Because it's that network effect you have with Bitcoin is great. But

Peter McCormack 22:42

the network effect of an increasing purchasing power.

Peter McCormack 22:46

Bitcoiners are very altruistic, very generous. And every every four years, they will get 10x richer, and get more and more generous.

Peter McCormack 23:37

When you suddenly got that jump in your net wealth. Let's just do some good. Let's spread it forward.

Peter McCormack 24:28

what's the point having fucking money if you can't play funky football?

Marty Bent 24:46

Bitcoin allows you to do things differently. It's been a lot of fun building 1031 like Grant mentioned the tribe event like LPS investors really like going to that meeting the founders and then Even within the portfolio,

Grant Gilliam 26:04

use the word synergies, which we joke about all the time, because it's just such like a call to speak. But, you know, Peter says, Well, I'm not in a suit and like, look at me here, but I know my audience, but like, I used to be in that world. And I've got plenty of suits. And I used to work at a big time investment platform. And that was something that you saw, you saw, portfolio retreat. So this is not a new, it's not necessarily a new idea that we're coming up with. But I think the value that can be driven from a portfolio of companies in this ecosystem is much more than people generally appreciate.

Grant Gilliam 26:48

put all of our thoughts and our strategy out in the open and we've written about this, I think most people haven't really paid attention to it. But I think in hindsight, what people will see is that actually, the synergies, let's say, have a portfolio of companies in Bitcoin that can collaborate in interesting ways.

Grant Gilliam 27:25

And they look at this SAS, business and healthcare and this, SAS business and IT and this SAS business and consumer retail, and they can draw a lot of best practices and leverage a network of people that can can provide value across a portfolio and there's some synergies in that but it's not the same as I think what we're gonna see in this space where you've got, you know, strike collaborates with Vietnam and countless other examples that we're seeing.

Grant Gilliam 30:27

for most people are like 1031 Is that like a real estate? You know, 1031 Exchange wasn't a real estate guy. So I didn't know, I didn't know what 1031 exchange was. But, you know, we everything that we did in trying to think like how do we found a investment platform that supports the ecosystem? Like how can we align as much as possible with Bitcoin? Like, we didn't name it? Our names Andreessen Horowitz, it's not about us. It's about Bitcoin. So data, the white paper 1031 Like, so once people hear it, they're like, oh, like I should have known but most people don't realize it was my

Unknown Speaker 31:18

you ever open a UK branch Africa, 3110. Yeah.

Peter McCormack 31:29

Was that part of the revolution? You had to change the dates? Changed the month in years? You got rid of us? Yeah, I don't know.

Peter McCormack 31:41

investing in Bitcoin is hard, right? There's a high failure rate of companies, there's a lot of companies I think, have have creative ideas that we're right, but too early. It's hard. So what's the what is the investment?

Grant Gilliam 31:56

we we're big believers of Bitcoin. And we think Bitcoin is the future. It's a, you know, a paradigm shifting technology that will be the basis of economic value. When we say the world reserve asset, will it completely displace fiat currencies?

Grant Gilliam 32:18

if it's going to increase in adoption over time, then there's gonna require infrastructure to be built around it, for holders of Bitcoin. So it's products and services for people who come into the ecosystem and want to hold it, use it. Companies that are making the network, you know, bringing utility to the network. And so our plan is to support like those exciting technology companies.

Marty Bent 33:05

it's something I mean, we've discussed a lot throughout the years a rabbit hole recap was juxtaposing what was going on in the Bitcoin space mean week in week out, we'd cover all the developments in the open source projects and within the companies and then, for some reason or another, all the crypto companies, we're taking a lot of the shine, and it's something over the six year five years that we've been doing the podcast we've talked a lot about, it's like how are all these crypto funds, raising hundreds of millions, billions of dollars and allocating it towards absolute scams, while Bitcoin companies building actual utility on the only network that matters, can't seem to get funding. And

Marty Bent 33:46

a natural progression of what we were doing at our HR highlighting these good projects, and then individually on to FTC and settled this batch talking with these founders and people building out the space and, and the opportunity came to join 1031 and actually go out and support these companies financially. It was number one, a no brainer. Number two, a dream come true. Because that's literally all we talked about, and wrote about for over six years now, for me, and it's extremely important.

Marty Bent 34:23

imperative as we transition into the digital age. I mean, we just talked about the CBDCs on the interview we just did with each other like it's either that or Bitcoin succeeds, we get digital slavery or digital freedom in the form of Bitcoin. And so being able to support the companies that are making it more accessible, adding more utility to the network is like I said, I don't feel like I work a day in my life. Every day is extremely exciting. And I think the work we're doing is extremely important.

Peter McCormack 35:00

much money because and why is half a Bitcoin companies because the crypto funds or the crypto projects will get into raise their seed fund and do their IPO at the same time without any product market fit. Yeah, deliver huge returns for these investors, because they got their allocation early, they could Dumble retail. It was the same cycle every time. But with a Bitcoin company, there's no there's no token, you're buying equity in a company that has to deliver a return that you can you can see the math of both. And why the VCs were attracted to crypto.

Marty Bent 35:40

it's, it's pretty big drawdown and money being raised right now. But to that point to that's why we intentionally name our funds, low time preference funds.

Marty Bent 35:55

We believe the quick. The quick gains that happened in the crypto market in this first decade are ephemeral. I don't think they're gonna repeat over time, like you want to be investing in companies, they're gonna be providing long term value for decades.

Grant Gilliam 37:32

know, an exodus of capital that's like looking to get into crypto, like broader crypto right now. Not surprisingly,

Grant Gilliam 37:53

I would just keep saying, you know, capital, misallocation and crypto intensifies.

Grant Gilliam 37:58

you would see just one deal, one NFT platform deal raised $500 million. And that's more capital that's been raised for Bitcoin exclusive venture capital funds, combined. I mean, obviously, there's been a lot of capital that's gone into Bitcoin miners and gone into individual deals like an idea of raising a billion dollars,

Grant Gilliam 38:26

the funds that are focusing only on Bitcoin, like it's less than $500 million had been raised.

Grant Gilliam 38:38

it has been an uphill battle. But we think everything that you've seen over the last 12 months, 18 months, is validation of the strategy of the folks on Bitcoin and time will will sort of prove that out because the investments that we've made, we feel very optimistic about the outlook, but it's still early, you got to let those mature and let the companies grow into it. And as the next wave of adoption comes, we think you'll see a lot of the success stories.

Peter McCormack 39:06

And in terms of raising your LPS they tend to be Bitcoiners already or that people want to get into Bitcoin, we've got capital,

Grant Gilliam 39:14

predominantly, they already were interested. Okay, Bitcoin,

Grant Gilliam 39:19

talked to lots lots of different groups that were broadly interested in crypto and failed pretty consistently with those groups, you know, trying to convince them Bitcoin only was an interesting strategy,

Grant Gilliam 39:36

they're not deep, they don't, you know, live and breathe this stuff like we do. They don't like they're used to diversification, right? Like you diversify in the stock market and you diversify across asset classes and coming into this new emerging crypto world.

Marty Bent 41:29

But since we understand how this stuff works, and understand how unchained is differentiated from the Celsius, or block phi via the way they set up, the multi city escrow wallet and the collateralization rates and the fact that they don't rehypothecation like we made that bet early.

Grant Gilliam 42:50

I got zero, absolutely zero calls or 00 emails from the investor saying like, Hey, what's going on? Like, are we okay, how's the portfolio doing? Like, their money safe? Which I thought was really interesting. I mean, I wouldn't hold it against anyone in such a turbulent time to just want to feel like things are okay. But to me, that was just a signal that they get it this is a volatile space. And by the way, like all this carnage is happening outside of Bitcoin seems relatively protected, resilient in our space.

Grant Gilliam 43:54

just like every company back in the 90s, became an Internet company eventually, right? Like, I get to interface in some way, every company will become a Bitcoin company. Like that's something that we say. Now, we definitely want to lean into bitcoin as this freedom tool. Same thing with noster.

Grant Gilliam 44:20

originally, were neither Bitcoin nor noster they are coming from just technology.

Marty Bent 45:55

And alternatively, you are supercharging Nasr by creating this monetization effect and this can be applied to RSS feeds podcasting, podcasting to point now, all of our podcasts are on your podcast as well, like RSS, open source content distribution, Bitcoin open source money, you combine those that's true web 3.0 We are being monetized in a peer to peer fashion from our listeners over the Bitcoin network that is combined with the RSS feed that we send our podcasts,

Marty Bent 46:35

sip and VoIP, they're putting Bitcoin into these open source telecommunication protocols. And so, like Grant said, we think all these incumbent industries are going to be come Bitcoin companies or have Bitcoin integrated into their stack.

Grant Gilliam 50:46

anymore, you now hear about AI. And so we have to, we have to be careful with that. But I think it's you know, we noticed a while ago that like there's there's something happening in this like, AI ecosystem. And, you know, we started following some of the, like the key figureheads in that space, at least on social media, some of the like real innovators, that are building some of these, you know, these applications or tools or companies. And it felt like the way that they were talking about what was now going to be possible and all the activity that was happening in their ecosystem, it felt very similar to like this echo chamber that we're all in with Bitcoin. But it felt like the people you know, people in Bitcoin weren't necessarily like, it's wasn't a narrative that people were following. It was sort of like siloed like, everyone's getting excited about AI in the AI space. There's a while back, and everyone in Bitcoin is not really paying attention to AI. We just started thinking more about it. And we wrote a piece that that talks about some of these implications, but I think it's going to be really interesting to see how it all plays out

Peter McCormack 52:00

what delivers value. That's that's the big difference.

Marty Bent 53:44

everyday to I use mid journey for the thumbnails we do we use D script for podcast and we put our files in there gives us transcripts gives us clips, and this is only the beginning this is like a bit like we're at like still at like the manual phase it sounds weird of AI believe like going back to the machine payable web that idea that Bellagio had back in 2015 Like with AI agents.

Marty Bent 54:25

You give them a Bitcoin wallet with an allowance and you send them out on the internet. It's like hey, I want you to get this done. Here's your allowance. Just go spend the Bitcoin where you need to complete this task. Obviously, we're a bit of a way from that end state but you can see it it's it's there.

Marty Bent 54:45

Bitcoin, particularly over the Lightning Network is the only way that that becomes efficient and scalable at the end of the day because you can't give an AI your credit card number and have it go wild on the internet.

Peter McCormack 54:58

you will definitely get to go through a period of Grifters, who are going to have tokens

Peter McCormack 55:12

I know we hate this intrinsic value, but these tokens won't have some pegged intrinsic value that appreciates, it will be some token that as a pre mined, distributed, they will dump and it will do the same as every other token go to zero,

Marty Bent 55:58

easier to implement something like L 402, into an AI project, instead of just some random chick, when that was spun up. Some token doesn't have the developer community around it, libraries around it, again, going back a lot low time preference, the lightning community has been building out these primitives for last five, six years now. And we're finally getting to the point of maturation where developers outside of Bitcoin can begin to plug into that, I think, I mean, we talked about a lot of like, how, how long will we have these, these cycles where tokens like blow up and then explode?

Marty Bent 56:39

Matt always yells at me, says shit coins are gonna be spun up forever. But I do think the maturation of the development tools that are available to people building in the space is at a point where the opportunity cost of going and trying to force a token into something in the open internet, it's just going to be too much when you have all these tools that can do it pretty easily today.

Unknown Speaker 57:03

1000s of different AI tools that specialized in all different things, you need to network effectively, money that's accepted everywhere.

Marty Bent 57:08

You need a standard.

Peter McCormack 57:10

another problem that crypto bros have got as well, which is the the crypto token cycle, the pump and dump is getting shorter and shorter.

Peter McCormack 57:22

just became meme coins.

Peter McCormack 57:30

in a previous cycle you had you, you could be convinced like, Oh, they've invented some new idea. This token is useful, you could hold it for a few months and can go up in value. The cycle so short now, so many people got wrecked. I just think the that model alongside sec. Pressure is just making it almost unviable.

Marty Bent 57:50

again, we're almost 15 years in bitcoins becoming a brand name crypto, like it or not, as a brand name. Everybody knows what crypto is. And there's going to be pattern recognition that comes in mention, I'm going to happen all of us individually that I started in 2013.

Marty Bent 58:06

It took me a couple of cycles to realize that this is BS. And as we move forward in time, like the people that realize that it's BS is going to be larger and larger to the point where it's like, Oh, everybody realizes off the bat. This doesn't make any sense.

Grant Gilliam 1:01:08

Yeah, but you know, job job displacement. You know, people were worried about that when the computers were coming out, and there's always Doom stares. But humans have found ways to reinvent themselves. I think that we will again, I mean, that the the really like, you know, Doomsday threat model that people are scared about of limiting humanity. I mean, we sort of alluded to that. And the piece that we wrote on Bitcoin and AI is that well, maybe one way to think about it is that sort of Bitcoin is the limiting factor on AI. And you know, in this world of digital infinity, where you just infinite computing power, what, you know, what serves as the throttle or the bottleneck. It's like Bitcoins, absolute scarcity. So there's, I think, reason for hope in that regard.

Grant Gilliam 1:02:04

disruption in value to legacy players that don't figure out how to leverage the technology. And there's massive opportunity for those that do, which is why we're very excited about, you know, the company we mentioned earlier with stat news, because they're doing some really interesting things. And just like what you've seen and leveraging in your life, you can do so much more with less, and you can build companies with, you know, much less resources.

Grant Gilliam 1:02:40

well. How can you invest in businesses that can become satisfying businesses and old world we talk about a lot the old world of you know, Fiat, VC and growth at all cost. That's you got to throw that out the window, and now start thinking about actually sustainable business models and AI is going to be a big tool that we think most of our companies are going to be using.

Marty Bent 1:03:44

which is Jevons paradox, which is, the more efficient you become the resource and this case, compute. You think it's Jevons paradox, it's a paradox, because you think you'll use less and like, won't need as much of it. But like, I think, as we become more efficient with coffee, we'll be able to do so much more. And that's the question like replacement, versus making an individual employee more efficient is the question that's yet to be answered.

Marty Bent 1:04:23

people like your average developer, into a TEDx developer. And then, once you have the average developer turned into a TEDx developer, like how much more can be built on top of that, like, I think we're just on the cusp of we don't even know where this is gonna go.

Marty Bent 1:06:58

Having been in the space for 10 years, I don't think there's ever been a better time, like, the infrastructure is more robust than it's ever been. There's more developers than there's ever been. And we talked a lot about, like the order of operations necessary to make Bitcoin successful. Early days, you need no distribution, you need hash rate distribution, you need custody products, you need good boring financial products, like collateralized lending. Now at the maturation of the Lightning Network, the emergence of other second layers like Fetty mints, like I think we're finally getting to the order of operations, where it's like, Okay, we're ready for consumer products, maybe even.

Marty Bent 1:07:40

what if merchant adoption, adoption is driven by AI agents, like just forces everybody like the meme of merchant adoption that Roger Ver was pushing in 2013 2014, maybe it was a good thing to go after, but the timing wasn't right.

Marty Bent 1:07:55

maybe now with the combination of things coming together with the Lightning Network and AI, you can actually force merchant adoption, because again, it will drive higher profit margins for these businesses.

Peter McCormack 1:08:08

This analogy will comparison to the internet boom and the.com bust in that there were so many companies that came up with great ideas that weren't ready.

Marty Bent 1:09:08

Another massive scene that's going on right now is that Bitcoin is drawing in a lot of talent from incumbent tech firms and finance firms like that's one thing I've noticed in this bear market unlike any that I've seen before is the amount of people that get bitcoin are extremely talented have built successful businesses have built successful careers are jumping ship to come work in the Bitcoin industry in the bear market because I think they recognize the risk adjusted like risk profile that exists right now. They're recognizing that Alright, this is a great time to get into Bitcoin.

Grant Gilliam 1:10:46

proof of work is this other theme that I just like I'm obsessed with? And I think about all the different ways to apply the concepts of proof of work, and what can you like, what interesting findings? Can you can you have just observing different things? And to me, like, I've thought through this idea of proof of work of just people coming into the space and contributing their own skills, like their own experience, their own network?

Grant Gilliam 1:11:14

how do you maximize the value that you can achieve from contributing your experiences, and that's like, doing something that is unique to you something where you're the best, your your skills and experiences?

Grant Gilliam 1:11:56

what are you going to get in exchange for contributing that proof of work, but I think you can apply it to anything to any any business or any individual, where, you know, it's like, well, where do I come from?

Grant Gilliam 1:12:09

how can I leverage my skills and experiences to try to provide value to the network?

Grant Gilliam 1:12:21

investment utility curve, where, based on the level of risk you're taking, you should be expecting a return to come in to be commensurate for the amount of risk you're taking.

Grant Gilliam 1:13:25

there's lots of ways to contribute to the network, with varying degrees of risk, varying time periods over which you might actually receive the rewards from doing that. But I think Bitcoin is this network that will provide you value over time based on the work that you contribute.

Grant Gilliam 1:13:52

contribute something that's unique to you, because that's where you can deliver, you can achieve the best pricing for what you're delivering?

Peter McCormack 1:14:00

What about your old finance friends? When they saw you flip to do this Bitcoin thing? How did they react? And are these done to tap on the door and say, you know, maybe I,

Grant Gilliam 1:14:43

Well, let's do still book club and everyone got to submit their request for like, What books should we read? And I was like, hmm, should I suggest the Bitcoin standard? Is this like, is there some career risk? How are people gonna perceive me suggesting some Anyway, this because in the private equity world, which is where I came from, people weren't really thinking about Bitcoin it's unlike, say, a hedge fund, for example, like if you're a hedge fund, you might

Grant Gilliam 1:17:02

told him, like, you know, I'm going all in on this, it felt like we had struck a nerve, and there was, there was the opportunity that we thought there was going to be, and the time to go was now a lot of them thought you know that that makes a lot of sense. That seems really exciting. I've kept up with them. And they're, they're definitely cheering me on. But most people, I find it interesting because they're still not really paying attention to it. And that tells me that it's like, it's still very early like we continue to be in this echo chamber. But most people aren't really paying attention, even though bitcoin is best performing asset this year. And of course, it's down from the highs, but relatively speaking, you would think that more would be paying attention, but I don't think and

Peter McCormack 1:18:53

I think we all agree for Black Rock and don't buy black rock and buy bitcoin and custody itself because we all agree that it's gonna happen anyway. And they're gonna buy a fuck ton of Bitcoin on behalf of other people and issue their shares. But that narrative shift that it's giving, it's given that approval to anyone who's involved in the investment space to go and buy bitcoin, and its could be a massive driver over the next 234 years.

Grant Gilliam 1:21:00

what, I didn't fit in perfectly to the culture that we had there. And I always had this inkling that there was something else out there for me, and then, you know, the timing was, was good to go launch it,

Grant Gilliam 1:21:21

I don't regret having, you know, been in that world for as long as I did, or being you know, suit for that long.

Peter McCormack 1:21:41

will the fund outperform Bitcoin? You know what, you know, the questions come up. But there is that altruistic side that exists? Where I'm like, part of me doesn't give a fuck, because you want to be part of this, you want to help?

Peter McCormack 1:21:56

if the funds successful is driving your other Bitcoin stack anyway? Like, how do you approach that side of things? Because there is a chance if you just put the entire fund in Bitcoin, it would outperform, but does it feel like you're therefore more of a mission? Or you just got a very good argument against what I said, anyway?

Grant Gilliam 1:22:26

investing in companies is inherently more risky than buying Bitcoin. And so if you price, the investments in the companies the right way, they should outperform, because they should price they should be priced to compensate you for that risk.

Grant Gilliam 1:23:14

I think that in the Bitcoin ecosystem, relative to your traditional venture capital portfolio, you know, traditional venture capital portfolio, you might have, say, there's 30, companies, you might have two or three that are just absolute homeruns, that make your fund. And then the rest, maybe they're split. You know, I don't know what you might say. But let's just say they're split 5050, like summer, middle of the road, and then like another 50% of the those remaining just a complete wipeouts. I think in this space, you might actually have a higher percentage of absolute homeruns, just because of the tailwinds that we're writing being so early in this space. And I also think that you're likely to have a lower percentage of complete wipeouts Undoubtedly, there will be some and it might not, it won't be because they chose the wrong market, it will be because they didn't execute the right way or team dynamics or whatever. I certainly think that you can outperform Bitcoin,

Grant Gilliam 1:24:26

we have a pretty sophisticated approach to how we construct the portfolio and how we make our decisions. Like as we go through the diligence process and trying to figure out well, which opportunities are we really excited by and how do we think like, what is our plan right now, at least as of today for that investment?

Grant Gilliam 1:24:50

we document it, you know, we we create our own investment memos that outline how we how we view the opportunity, what are the risks, what are the trends auctions, evaluation expected returns. And that's important because then we can we can look, in hindsight, you know, how was our investment judgment at the time? What did we get right? What did we get wrong? But part of those investment memos, every single one is, here's what we think the expected return is going to be. And here's how it come, here's how we think it will perform relative to Bitcoin.

Grant Gilliam 1:26:44

Sats are that's part of the cheat code, right? That's part of the cheat code for any business is actually holding sets on their balance sheet.

Grant Gilliam 1:27:19

generating some sort of sustainable, satisfying business model, it's because of the inherent deflationary nature of Bitcoin, it's over a long enough time period, you know, of course, there's volatility along the way, but the purchasing power of Bitcoin increases.

Grant Gilliam 1:27:43

to earn the same amount of bitcoin, it could be like we all experienced it, like buying amount of bitcoin, you know, it used to be for $1, you could get 5000 sides. Now, it's $1, you can get 3000 or 3333 sets over time to earn the same amount of bitcoin, because let's think about in company terms, it's harder, right? Like, it's, it's going to require more dollars or more work.

Grant Gilliam 1:28:27

Or for the same amount of work that you might contribute today versus in the future, in the future, you're actually going to earn less Bitcoin. So what does that mean? Well, that means that you really highlights the the opportunity cost of forgoing Bitcoin that you could have earned today, if you decide you want to pour it into marketing dollars.

Grant Gilliam 1:29:14

think the implications are that it forces companies to think a lot more about cash flow and generating profits and generating this sustainable business models. out of the gate. companies in this space, you know, startup companies, most of them are not profitable.

Grant Gilliam 1:29:40

reinvest them back into the business or maybe it's Bitcoin dividends,

Marty Bent 1:31:35

that hasn't been afraid of the mining industry. And I think that's because we realized that this intersection of the energy sector, and the Bitcoin mining industry is happening in real time now.

Marty Bent 1:31:52

prop miners or people building out infrastructure is going to be pretty insane.

Marty Bent 1:32:00

infrastructure companies that can actually build Rackspace and build out like electrical infrastructure to actually plugged the Asics in are really attractive, especially in the middle of the bear market, with a bunch of distressed assets out there, and ASICs prices being where they are, we think it's a great opportunity to be deploying into mining, particularly behind operators who've been in the space for a long time, because that's the one thing with the mining industry, we saw that last cycle.

Marty Bent 1:32:40

there's a lot of hard lessons that I've had to learn over the five years and we're allocating into the mining space. That's what we're looking for, as people who've been through it, they understand the cycles and mining, talking about timing in the mining industry timing is particularly pronounced where you really need to be deploying capital and building in the bear markets and being conservative in in the RIP or roaring bull markets and not taking stupid risks.

Marty Bent 1:33:18

be able to look at the mining landscape and allocate accordingly, love

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