# Coinbase Case Study

## Overview and Origin

\* Name of company

Coinbase

\* When was the company incorporated?

June 2012

\* Who are the founders of the company?

Brian Armstrong and Fred Ehrsam

\* How did the idea for the company (or project) come about?

\* How is the company funded? How much funding have they received?

They recieved $150,000 through the Y Combinator startup incubator program in 2012. In 2013 they recieved $30 million from capital venture capital firms Union Square Ventures, Andreessen Horowitz, and Ribbit capital.

## Business Activities:

\* What specific financial problem is the company or project trying to solve?

Allow users to buy and sell Bitcoin and other cryptocurrencies via bank transfers and credit cards.

\* Who is the company's intended customer? Is there any information about the market size of this set of customers?

What solution does this company offer that their competitors do not or cannot offer? (What is the unfair advantage they utilize?)

Coinbase's intended customers range from consumers to professional investors and even businesses.

Consumers can use Coinbase as a retail investment or payment processing system through thier coinbase wallet.

Businesses such as Dell, Expedia, and Overstock have partnered with Coinbase to facilitate bitcoin transactions for there products and services.

Coinbase has 43 million users and generated more than 1 billion in revenue in 2020 with $322 million in net profit.

Some of the advantages that Coinbase has over competing crypto exchanges are ease of use through a user friendly interface as well as liquidity.

The world of crypto can be very confusing to the average consumer and coinbase makes it relatively easy to sign up and purchase a variatey of cryto currencies. They also do not require the use of a wallet which can be tricky for the average user.

Liquidity is especially important given the volatility of crytocurrencies. Having confidence that you can sell and withdraw funds if prices start to fall gives users a sense of security.

\* Which technologies are they currently using, and how are they implementing them? (This may take a little bit of sleuthing–– you may want to search the company’s engineering blog or use sites like Stackshare to find this information.)

Website

Apps (Coinbase app and Coinbase wallet)

Payment processing

Credit cards

## Landscape:

\* What domain of the financial industry is the company in?

Investments, consumer to consumer and consumer to business payment processing.

\* What have been the major trends and innovations of this domain over the last 5-10 years?

Coinbase slowly added alt coinds to their portfolio starting with Ether and Bitcoin cash. They now have over 45 alt coins available.

Coinbase started offering rewards for learning about new cryptocurrencies it listed to the exchange.

Coinbase created their own crypto wallet.

\* What are the other major companies in this domain?

Robinhood

Square

PayPal

Binance

Kraken

Crypto.com

Gemini

Gate.io

KuCoin

Bitstamp

Bittrex

bitFlyer

## Results

\* What has been the business impact of this company so far?

\* What are some of the core metrics that companies in this domain use to measure success? How is your company performing, based on these metrics?

Core metrics include revenue, profit, user base, and assets under management.

Coinbase has 56 million users.

Coinbase had a revenue of $1.14 billion and net income of $322 million in 2020.

Coinbase has $223 billion in assets under management.

\* How is your company performing relative to competitors in the same domain?

In comparison to comeptition Coinbase has a similar number of users in the 10's of millions range.

Coinbase outscores competition in revenue by a significant margin as it has broken the $1 billion mark while others are in the hundreds of millions.

As far as assets under management Coinbase blows the competition out of the water with over $200 billion while the closet competitors (Binance and Robinhood) have just $35 billion.

## Recommendations

\* If you were to advise the company, what products or services would you suggest they offer? (This could be something that a competitor offers, or use your imagination!)

\* Why do you think that offering this product or service would benefit the company?

\* What technologies would this additional product or service utilize?

\* Why are these technologies appropriate for your solution?

Sources:

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