Bitcoin startup colu raised usd 2.5 million

Colu Gathers $2. 5m Seed Round

The founders of Colu and the start-up's new venture capital investors are latest additions to the increasing number of people who realize the value of the decentralized network bitcoin runs on.

In a seed round led by Aleph and Spark Capital, the Tel Aviv start-up raised $2. 5 million. BoxGroup and Bitcoin Opportunity Corp were also among other investors.

Spark Capital had invested in eToro previously. eToro is a company co-founded by the founder of Colu David Ring.

Colu is working on specific software which would allow the consumers to buy and store digital tokens securely.

Based on bitcoin, the digital token is expected to serve as tickets to various events, or like digital keys which can unlock online services and physical objects.

The application for these digital tokens would be much simpler than providing a print-out of the ticket from an email to a ticketing agent. According to Colu, it will also be easier from typing in credentials to gain access to services

The aim is to use bitcoin's open-ledger system, where all transactions are recorded and it is very difficult to create duplicates, to validate a range of transactions.

Chief-executive and co-founder of Colu Amos Meiri, said that bitcoin is the most secure database there is on the planet.

Fred Wilson, from Union Square Ventures, and some other venture investors discussed the concept of layering new applications over the bitcoin protocol, or creating digital ledgers which are similarly distributed. These applications are called Bitcoin 2. 0.

Union Square Ventures started investing in OneName recently, for example. This enables the users to maintain a digital identity which is confirmed by the network.

The benefit of decentralized digital ledgers like this is that information can be quickly verified while and many middlemen intervention can be avoided.

This saves both time and money and reduces risk of fraud.

A disadvantage of these ledgers is that these efforts might depend on bitcoin market. Individual nodes will have to be rewarded for verifying transactions.

The reward is given in the form of digital currency bitcoin in case of Colu's software. So, the crypto currency has to be worth something for the miners to take part in the network.

Mr. Meiri does not think this is a problem as the bitcoin network modulates itself. So, if bitcoin price falls, people will stop participating.

When fewer people participate, the remaining participants get a greater reward. He said, " Even if bitcoin drops down to $10 it will still be the most secure spreadsheet."

Right now, Colu's app is in beta. It is also opening up its API so other apps can use it. The digital tokens are mainly based on a protocol called Colored Coins that Mr. Meiri developed few years ago with some team members. Colored Coins is layered on top of bitcoin.

The users can download the app and deposit digital tokens into it. The tokens could be deleted or sold from the app.