

# Bitcoin vc investments step up



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Venture Capital Investments in Bitcoin have accelerated during the second quarter of 2014.

Bitcoin payment processors have received the largest investments, with the bulk of it going to BitPay. Bitcoin mining, exchanges and wallets also received substantial investments.

Asia's richest man Li Ka-shing has boosted his investment in bitcoin, in a vote of confidence for the digital currency.

The billionaire tycoon has poured an undisclosed amount of money, believed to be worth millions of dollars, into Bitpay, through his venture capital investment company Horizons Ventures.

Bitpay has raised US\$30 million (HK\$233 million) in Series A funding (convertible into common shares when an IPO is launched) from eight investors.

Fellow investors include Virgin Group Chairman Richard Branson and Yahoo co-founder Jerry Yang are part of an investor group that plowed \$30 million into Bitpay, valuing the bitcoin-payments processor at about \$160 million in the biggest venture-capital investment in the digital-currency industry.

Before the Bitpay deal, San-Francisco-based Coinbase, another payment processor, boasted the biggest fundraising round, securing \$25 million in December.

There has already been more venture capital poured into digital currency bitcoin this year than all of the last year. In fact, \$113 million has already been invested into bitcoin startups in 2014.

As of 2013, bitcoin startups raised about \$90 million. Only \$2 million was poured into the emerging industry in 2012. Crypto Currency Partners, the Bitcoin Opportunity Fund, Tim Draper and 500 startups have been the most active investors so far this year.

According to data provided by CB Insights If funding kept up that pace, it would top \$200 million this year, but 75% of bitcoin funding to date has gone to U. S. based companies.

However, that's less than a third of what Internet companies raised in first-round funding in 1995, when Internet leaders like Yahoo and eBay were just getting off the ground.

Interesting to note that a large portion of the assets is also funded directly by the network, people buying their own hardwares to mine bitcoins. Thus, mining equipments manufacturers see their revenue booming.

« From an aggregate standpoint, a hundred million bucks in venture is a pittance » said Matthew Roszak, co-founder of the venture-capital firm SilkRoad Equity. He has a portfolio of 10 bitcoin investments.

Some industries are likely attracting more funding because they are bigger. Software companies, for instance, attracted \$11 billion in VC funding last year, according data from Thomson Reuters and CB Insights.