

Blockstream to extend bitcoin functionality



**ASSIGN
BUSTER**

LinkedIn Founder and other Silicon Valley Investors invested \$21m in Blockstream.

Founder of LinkedIn, Reid Hoffman, announced plans for a new investment a few weeks ago.

Hoffman and some Silicon Valley personalities including Vinod Khosla of Sun Microsystems, sunk \$21 million into Blockstream.

Reid Hoffman and the others supported Blockstream with the intention to extend digital currency bitcoin's functionality so it can serve as more than just a payment system.

Bitcoin is a crypto currency built upon software which uses cryptographic transactions.

Blockstream is working on a new technology which will use the code that supports bitcoin to protect other kinds of assets like contracts or ownership of stock.

The technology could also offer solutions to shortcomings in bitcoin's design.

Since its launch in 2009, the crypto currency has come a long way. About 13.5 million bitcoins are in circulation, worth a total of \$4.7 billion.

However, currency has not received mass adoption yet. According to investors and founders of Blockstream, significant technical improvements must be done to make that happen.

Reid Hoffman, the founder of LinkedIn, wrote that Blockstream will play a role in helping it maintain momentum. He explained that the start-up will operate the same way Mozilla Corporation does.

Mozilla Corporation produces the Firefox Web browser and all related technology but it is owned by a non-profit foundation.

He mentioned that if Blockstream successfully helps bitcoin improve, all the bitcoin companies which Hoffman and his fellow investors supported will be benefitted.

Over the last few years, bitcoin companies have received hundreds of millions as investment. However, very little of that amount was use to improve the core technology running bitcoin. Until now, firms have focused on only building products, like online payments services, on top of bitcoin.

The community has become nothing but a band of unpaid coders who maintain the core technology which structures performance of bitcoin.

Adam Back, co-founder of Blockstream and cryptographer, says that the community has not been able to make any improvements to bitcoin's design.

He added that the core development has been very conservative as it focused highly on security and stability.

Blockstream does not have any plans to make changes to the core bitcoin code. It is building on top of the sidechains.

Bitcoin's design is mainly stacked on top the blockchain, a digital file maintained by computers from around the world.

<https://assignbuster.com/blockstream-to-extend-bitcoin-functionality/>

The blockchain records every bitcoin transaction and bitcoin's newest greatest feature is that people can rely on blockchain's record.

The sidechain can record bitcoin transactions too but it has other functions too.

Blockstream has developed a method to move bitcoins back and forth safely between the blockchain and sidechains. This adds new functionality to the bitcoin transactions.

According to Adam Back, his firm is working on its first prototype sidechains at present. It will be released in partnership with interested companies next year.

Blockstream also has plans to release tools which will allow people to make own sidechains.

After companies start to understand the true potential of sidechains, Blockstream can even earn revenue through consulting services.