

# Valuation and funding of companies in Crypto Valley

Valuation of the Top 50 companies in the Crypto Valley reached \$25.3B at the end of December 2019. At the end of June 2019, the valuation stood at \$42.6B. Excluding Ethereum, the valuation of Top 50 companies for the end of 2019 was \$10.8B (\$12.1B on June 30, 2019).

Volatile crypto markets impacted valuations of the Crypto Valley Top 50 companies. Ethereum still enjoys the second largest market capitalization and its change impacts the overall number of the Top 50 companies significantly. In the second half of 2019, Ethereum lost around 50% of its market capitalization. The valuation of the Top 50 companies, excluding Ethereum at \$10.8B, shows how large this sector has become in just the last two years.

Market capitalization is important for protocols and projects that provide grants and value to their respective ecosystems. This report also compiles information on the actual funding of companies. After the ICO craze, traditional sources of funding from venture capital and strategic investors became important again. Many Top 50 companies raised capital in the last year, and it shows in the report (see also individual company information). Overall, the funding of the Crypto Valley Top 50 companies is at \$4B.

## Unicorns in Crypto Valley

Crypto Valley is now home to five unicorns (i.e. firms valued at \$1B or more). Due to the high volatility in market capitalizations, we can expect this number to

be different in each report as another three projects are very close to becoming unicorns.

Libra has been added to the list of unicorns. Despite the resistance, the project shows no signs of leaving Switzerland or giving up on its original idea. The association still counts many members and given the backers of Libra, the value of the project was set at \$1B. Due to market fluctuations, Cardano and Cosmos are technically no longer unicorns. Tezos, which has been part of the CV VC Top 50 Report since the beginning, enjoyed a strong increase in its market value and may make the list as a unicorn soon.

Crypto Valley unicorns (valuation) include Ethereum (\$14.4B), Dfinity (\$2B), Polkadot (\$1.2B), Bitmain (\$1B), Libra (\$1B). Unicorn contenders include Tezos (\$924M), Cardano (869M), and Cosmos (\$818M).

## A brief history of the Crypto Valley

The history of Crypto Valley has many known and unknown heroes. No single event or person can create such a thriving ecosystem, amend regulatory frameworks, or promote a location to hundreds, if not thousands, of entrepreneurs around the world. Over time, many actions by individuals, government agencies, and companies, created a unique set of historical circumstances.

In 2013, Bitcoin Suisse began as a trading company for Bitcoin trading and moved its operations to Zug. Zug is reputed for its business friendly atmosphere and is home to many companies in commodities trading, pharmaceuticals, and finance. A network of individuals from the Bitcoin and cryptography space have

joined this list in calling Switzerland home. XAPO, the leading Bitcoin storage provider of the day, was the first company to take advantage of Switzerland's strong protection of property and its rich heritage of financial security.

Attracted by early Bitcoiners and the openness of regulatory authorities to enable technological innovation, a group of nerds rented a house outside Zug, to complete the next generation blockchain. Ethereum launched in 2015, creating yet another global community driving technology innovation. On May 3, 2016, the city of Zug announced that it would accept Bitcoin. The world takes notice, and Zug becomes a top location for doing business.

One of the key innovations on Ethereum is the ability to issue tokens with a specific function. The first use case for such a technology is high-performance crowdfunding using programmable money. The resulting "ICO boom" of 2017 and 2018 attracted many legitimate and, unfortunately, some not so legitimate projects.

In early 2018, the Swiss supervisory body of financial markets (FINMA) stepped in to provide guidance and classifications for tokens, clarifying what was and what was not allowed under current law. This regulatory clarity spawned an entire industry of legal advisors, KYC/AML providers, brokers, financial intermediaries, custodians, and advisors.

In the financial services area, this development culminated in the approval of two crypto banks in Switzerland. Overall, there are more than 4,400 employees working at various blockchain and crypto companies in Crypto Valley.