

Restart

The Business
Ecosystem
on Paper

The Dirt on Blockchain

Disrupting Markets
and Transactions,
or a Bubble About to Burst?

Startup Spotlight:

XTND

A Journey Into the
Heart of Silicon Valley

Tech After Brexit

Should You Stay
or Should You Go?

Bridging the Corporate
and Startup Worlds

Cutting **EDGe** in Corporate Innovation

As the World Connects

Cybersecurity Startups Flourish

Startup Ecosystem Abroad:

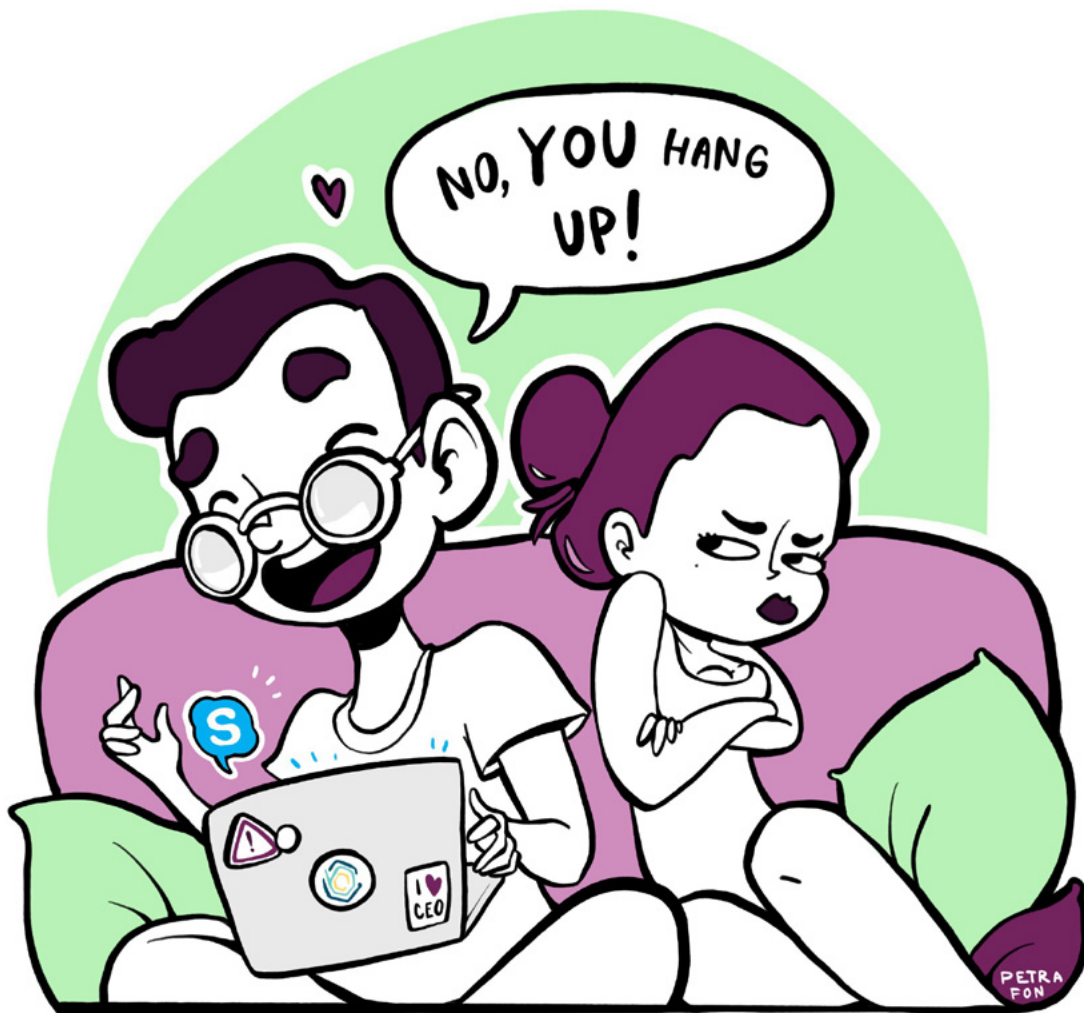
Japan

The Land of the
Rising Startups

#startuplife

No-one Told You **#startuplife** Was
Gonna Be This Way

start**here** ▶



Parin Dedhia @Parin99

I chat and talk more to my co founder than to my girlfriend

[#startuplife](#) [#startupproblems](#)

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Cryptocurrencies are turning the World Wide Web into the modern-day Wild Wild West.

Anybody following tech-related news at least passively could not have missed the recent and ongoing blockchain boom, which is finally gaining mainstream recognition - everyone and their grandmothers are now buying ethers and bitcoins, after all.

In the world of ventures, we're getting excited about another application of blockchain tech - token sales, also commonly known as ICOs.

Finally, it looks like a truly decentralised way of raising capital is gaining momentum. Token sales have been around for a few years, as those involved in the crypto community know, but with several high-profile and successful ICOs making waves recently, interest on both the development and investor sides is growing. The sheer number of projects launching token sales these days is staggering.

At Acceleration Business City, we've also hopped onto the ICO train, helping a handful of our specially selected startups prepare for their own token sales. As mainstream

awareness grows, this fundraising option is becoming increasingly attractive for startups whose projects can benefit from implementing blockchain technology.

There's still a catch, however! Great opportunities usually also bring great potential pitfalls, and this holds especially true for ICOs. We are still tweaking the properties incorporated in various token sale models, and a perfect one hasn't yet surfaced (Vitalik Buterin has some fascinating insights on that topic). And of course, decentralisation is still followed by a lack of regulation, which can have unforeseen fiscal and legal consequences for the project. Investors, too, need to be especially diligent - deregulation attracts fraud. As with all risky investments, a good rule of thumb is to only invest money you can afford to lose.

Given that blockchain is such a hot trend right now, we've dedicated a good portion of this issue to the topic. We've tried to cover many viewpoints, but in the end, there's only one bit of advice that's essential here: do your own research!

Now Restart!

Dejan Roljić, CEO and Founder of
Acceleration Business City



Restart

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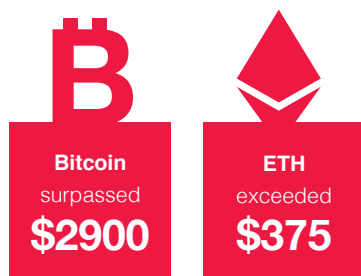
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The numbers don't lie

Don't talk, act.
Don't say, show.
Don't promise, prove.



.iC
Iconomi, the first crypto fund,
grew in value 11 times since
launch – now valued over
\$120M

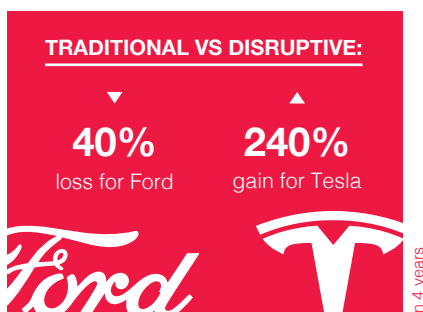
Snapchat stock performance:
▲ **+10%** first day
▼ **-17%** since IPO

\$500M planned to
be raised
by IPO in Germany - Delivery Hero

Intel buys Mobileye in
\$15.3B deal
moves its automotive
unit to Israel



6 - average number of times
Donald Trump tweets per day



Wannacry CyberAttack:
200k
computers infected

Software startup Brave's ICO:
35M raised
30 sec in under

2 invitations by Emanuel Macron
for US startups to move to France

2.5x average increase in designer to
developer ratio in the last half decade



Sources:
newscientist.com, coinmarketcap.com,
twittercounter.com, Yahoo stocks, techcrunch.com

The first half of this year was pretty
meh – nothing major seems to have
happened!

Even Snap's much-hyped IPO was underwhelming (except for the first day). What is going on? No mega-rounds, no mega acquisitions... The only big company that's been in the press constantly is Uber. And it hasn't been the pleasant kind of press, but the exact opposite! I mean, yeah, everyone knows that Uber has always been the sort-of-bad kid on the (tech) block, but when news like that goes mainstream, it casts a shadow on the whole block!

As for mainstream news, though – that's where the crypto world is heading! A guy I know has an offline exchange, and suddenly, all kinds of strange people started buying coins. And not the early-crypto-enthusiast-strange, but plain vanilla strange. This is what the start of a bubble looks like, yay! In all seriousness, though, if it becomes a bubble and bursts, the big issue here is that the people who will be screwed the most will be these guys – the latecomers expecting an easy and surefire profit. Soccer moms throwing in thousands, expecting to make millions. And, as a result, if it does drop – the public perception of cryptocurrencies, and perhaps even blockchain as a technology will plummet. I really hope that never happens.

Yup, potential bubbles like that need to be cooled down so that they don't burst! And, only after a burst bubble does an industry know what the tell-tale signs are that a burst is imminent. Look at the dotcom crash, and what the tech and VC industries are doing now... That's why this year has been a bit lame so far – everyone is trying to make sure they don't blow air into the bubble too hard.

Let's see what happens in the future. In our first edition, we talked extensively about VR and what kind of future it had, and it seems we might have stumbled upon a grain of truth. The hype around it seems to have died down a bit, and so now only the very good companies will be able to do their thing. That's great for the industry!

These are the two ways that a quickly growing industry can develop – startups have cooled down a bit, while crypto rides the hype train onwards. Let's see where both end up.

Here's to a better second half!

Jakob Gajšek

As the world connects, cybersecurity startups flourish

Cybersecurity is regarded as one of the fastest growing tech businesses in the world.

Worldwide spending on information security reached 75 billion dollars in 2015 (an increase of almost five percent over 2014), according to a report from Gartner. The market is expected to be worth 170 billion dollars by 2020.

Threats everywhere

The growth of security expenditure is driven by the increased threats of all sorts of attacks. Dell has estimated that the number of malware attacks doubled last year, and one third of companies surveyed by PwC admitted to have been a victim of cybercriminal, an eight percent increase over 2014. Damage reports vary in their calculations, but they all talk huge numbers. Cybersecurity Ventures, an industry analyst, has estimated a global cost of cybercriminal in 2015 to be around a whopping three trillion dollars, which translates into four percent of gross world product.

While banks, insurance, IT, and energy companies are among those considered to be most vulnerable, nobody is really safe. Especially not small and medium sized companies. Symantec, one of the industry leaders, has estimated that almost half of all the last year's cyberattacks have been directed against SMEs; of which 80 percent do not have the necessary data protection software in place.

Who will protect our cars and buildings?

The cyber space will not get any safer in the near future either, since the world is becoming more connected than ever before. We expect 50 billion devices and machines will "go online" in the next years, which also means 50 times more generated data in need of protection against malware and other types of abuses. One of the latest examples of how critically vulnerable connected infrastructure can be comes from Finland. Hackers gained access to a computer system of two business buildings in the town Lappeenranta and shut down their heating. Because the problem was too hard for IT experts to fix, a technician had to physically disconnect the heating system from the internet network.

The same level of caution goes with the so-called connected cars. New car models are already shipping with a basic system based

on the Internet of Vehicles (IoV) paradigm. According to Topology, a division of TrendForce market research, 75 percent of the world's cars will be connected to the internet by 2020. And even though car companies and cybersecurity experts are working hard to provide appropriate solutions to enhance connectivity protection, examples show that "online" vehicles are still extremely vulnerable. In 2015, two hackers demonstrated (in a controlled experiment) how to remotely hijack a Jeep's digital system over the Internet. They could even disable the car's brakes at low speeds.



Blažej Kupec is a Berlin-based freelance journalist writing about start-ups, new technologies, and innovative business models. »

Billions for startups

Cyber threats, an inevitable consequence of an overall connectivity, are giving a remarkable boost to the industry that provides security products and services. Global spending on cybersecurity solutions to combat cybercrime will, by some estimates, exceed one trillion dollars cumulatively over the next five years. Most commonly, we talk about various software solutions (firewalls, antivirus programs, web content filters, anti-spyware, VPN) and detection systems, as well as preventive cyberattack simulations.

And even though big multinational corporations (Symantec, Check Point Software, FireEye, Trend Micro as well as security divisions of Intel, Cisco, IBM) have been in the game for years, there is still lots of room for startups. In 2016, VC firms invested 3.1 billion dollars in record-high 279 cybersecurity startups,

according to CB Insights. That compares to 3.7 billion dollars in 272 startups in 2015. Likewise, deals in the first quarter of 2017 hit an all-time quarterly high, up 20 percent from the previous quarterly deal high.

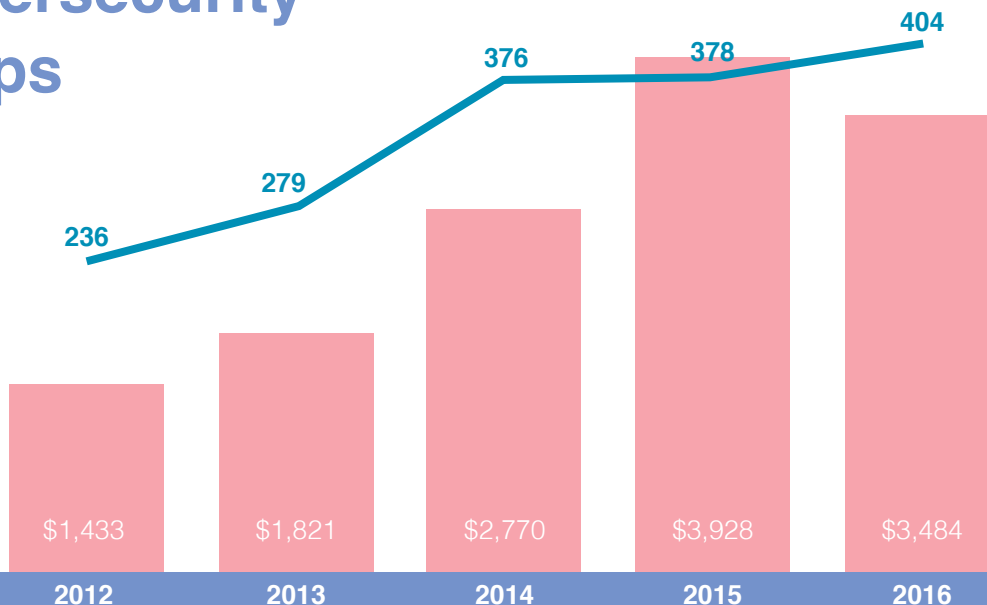
Especially hot categories include young companies that work on multi-factor authentications and cyber insurance. Many of startups (especially those that offer artificial intelligence solutions) are also getting acquired by tech giants. Thirty-nine VC-backed cybersecurity startups exited in 2016 via 38 M&A deals and one IPO, as counted by CB Insights. Some of the corporate acquirers include names such as Amazon, Hewlett Packard, Huawei and Microsoft. According to The Wall Street Journal, there are currently seven cybersecurity unicorn companies each valued at one billion dollars or more. The star of the game is California-based Tanium (valued at 3.5 billion dollars), a company that seeks to make it easier for firms and governments to

keep track of which computers hackers have infiltrated and which ones still need a new update.

Even though investor appetite has shown some signs of softening, that is still considered as a normal process of aligning growth expectations with the actual needs of the broader economy and more realistic potential of start-ups. Besides, recent catastrophic cyberattacks demonstrated that big problems still exist, and startups will definitely have an important role solving them.

170 billion dollars is the expected value of cybersecurity market in 2020

Funding activity of cybersecurity startups





Startup Spotlight: XTND

XTND wants to take your daily commute to a whole new level. They're making huge waves stateside with their upcoming product, the very first electric skateboard with built-in artificial intelligence.

Their concept of making urban commuting efficient and fun recently dazzled the public in their Kickstarter campaign, exceeding their funding goal in only one day! If the bad news is that time flies, the good news is that you're the pilot. We talked with Marcel Laza, COO, and Matyas Fuchs, Product Designer, to get an insight into their startup's path to

Give us a quick pitch - what is XTND?

In XTND we make daily commuting simple. We combine the progress of design with new technology, designing new innovative products. We've just launched our first product - an intelligent electric skateboard.

If we wanted to drive from San Francisco to San Jose using your skateboard, would we make it?

Yeah, sure, but you would need a lot of batteries to get there. Like 15 of them. We think it's better to drive from San Francisco to San Jose in your Tesla and take the XTND board with you in the trunk. Then you can skate through parks and parking lots, or even take the board up, down and across the streets of San Jose!

it's really great to be here. Also, we love the year-round sunny weather, the beaches, and the people.

How has coming to Silicon Valley changed your mindset?

We now believe that everything is possible.

You've experienced both the European and American startup scenes. What is the biggest difference between them?

The biggest difference is that everything moves much faster. Nobody will wait for you or ask if you are ready - you need to just be ready. You need to JUST DO IT.

How did coming to Silicon Valley change the flow of your work?

The biggest difference is that we are working 18 hours per day, maybe even 20. We have an engineering team in Europe, so adjusting to the different time zones is a challenge. Your morning is their evening, which means your day is just beginning when they're going to sleep. There's less time to get the team in sync, so you adjust to their schedule to give

"We have an engineering team in Europe, so adjusting to the different time zones is a challenge."

How many team members do you have back in Europe?

There are five or six people in the core team and a few other people are helping us get the product ready.

When you were growing up, who was your favorite superhero?

For me it was Batman, he's bat and he's man and he's got money and he doesn't have any superhero skills. He's just a man and he's doing stuff.



Why did you decide to come to Silicon Valley?

There are a lot of talented and skillful people here in Silicon Valley. Lots of opportunities for a product that's made for the US market, like ours. This is the place to be for us and

them more time to rest and be productive. It's a lot of work and not much sleep, but we're progressing really fast, so we love it!



Photo: XTND

Cutting EDGe in Corporate Innovation

Innovation is the key to success, so where better to invest than in innovation? We talked to **Lisa Friedman**, co-founder of **Enterprise Development Group (EDG)** and an expert with over 30 years of experience in helping businesses modernize.



EDG is an innovation management company based in Silicon Valley that offers consultation and training services to companies seeking to improve their innovation processes. EDG's strategy is not only to show their clients the way forward, but to empower them with effective tools and practices to promote corporate innovation. Notable clients that have benefitted from EDG's know-how include Apple, Airbus, Johnson & Johnson, Lufthansa, Intel, Swisscom and Unicredit. Recently, EDG joined forces with Acceleration Business City in a joint venture ABC-EDG, forging an even stronger connection between US and European markets.

Nowadays, everything is about innovation and that is, in essence, EDG's main service. How do you help companies speed up those processes?

The ABC-EDG program was designed with the companies' needs in mind, and for that reason we've set up a 5-step process: it starts with leaders leading the way, then hackathon organization to generate ideas, prototype launch, building the capability inside the company and finally, launching the products on the market. But the basis for everything are the leaders - they need to have a clear vision. In short, we help them recognize the risks and potentials for the future, see where the trends are going and set up new strategies.

What's trending right now and in which directions are we moving?

Almost every week, I'll find something that I hadn't seen before and I'll say, "Well, that's interesting!" So the first lesson is to watch for the signals and see the potential. At EDG we like to say that the world is in a "hyper-digital era" because times are changing fast, communication is done differently, as well as work and business. Sensors have become very cheap, so you can put them on machines, engines, cars - and with wearables, we're even putting sensors on people. They are tiny and

cheap, and they communicate and go online. And these devices generate all kinds of data, which is now a lot cheaper than it used to be, thanks to cloud services. And we have analytics to understand all that data and what to do with it, and that leads to predictive analytics.

What do you think is the toll that innovation takes on the population?

It depends on the innovation that people come up with. My guess is that people need change and people are changing anyway. What we consider as our job today is going

“**Nowadays we've got stay-at-home moms and people with part-time jobs signing up to be Uber drivers.**”



“
**So the first lesson
is to watch for
the signals and
see the potential.**”



to be different 'tomorrow'. But this has been happening since before the digital era began - It's actually been happening since the manufacturing industry replaced making things at home. Just look at Uber - it has already created a new profession. Taxi driving has been a full-time profession with a degree of exclusivity for decades, but nowadays we've got stay-at-home moms and people with part-time jobs signing up to be Uber drivers. But humans have always found changes shocking at first, because it's just different than the way they used to do things.

It seems like everything's changing very fast, especially in the field of innovation - do you think there's an end to that? Do you think humans will ever be able to say, "it's enough"?

Have we ever not wanted 'the next new thing'? A lot of people say that they don't want to use a certain new technology. On the other hand, there are so many young and eager people who are growing up with it, or older people who are just plain curious! There are still great innovations that we need to achieve as a species. I don't think we're at a point where we could say, "OK,

we've achieved everything." I think we should find a way to see what is painful as an opportunity really, and think what can we do about it, how can we make it better.

Another big word is emerging right now - talents. What's your opinion on that?

Our partner Acceleration Business City has been looking at that intensely in the last few months - and rightfully so, because talent is huge right now. After setting up its strategy, a company often realizes that it has many more projects than its existing talent resources can handle. I think the next evolution of the Silicon Valley will revolve around talent. Getting access to talent has become very important, and I think the next era of innovation will be learning how to grow that talent in the areas of data, IOT, predictive analytics, customer experience design, business model ... And since startups have the most talent at the moment, companies are turning to them.

Would you say it's essential for corporations to connect with startups?

I think that's true, but it's not the only thing. Startups are exter-

nal, hence you need to have corresponding capacities internally. You need to have innovators inside the company who are ready to go, so both sides can combine their knowledge in a synergistic way. I often talk about companies building a bridge with startups, but you have to have that bridge anchored on both sides.

So corporations can't survive without startups and startups can't live without corporations?

The people in corporations know the industry deeply - they know suppliers, they have customer knowledge, industry knowledge, and they also have infrastructure and marketing support that startups can benefit from. Startups, on the other hand, may know a lot more about new technologies and business models. They're fast and flexible, but ultimately, you need to have the best of both worlds to succeed.

So, I think there are three important factors: the startups, the innovators inside the enterprise, and supportive leadership that can say, **"Yes, we really want to move into the future".**



Tech after Brexit

**SHOULD YOU STAY
OR SHOULD YOU GO?**

It seems like it's going to take a while for the divorce to be settled.

The European Union's position remains firm, and with political instability threatening to engulf the United Kingdom in the wake of this month's General Election, any real progress in withdrawal talks or even a clear strategy on the UK side still seem far off.

**UK Startups
exporting in
US dollars with
expenses in
pounds have seen
profits rise as the
pound depreciates.**

In this issue, we'll be focusing on the effect that Brexit has had on the technology sector so far, and also taking a look at some expectations for the future. Contrary to most economic forecasts, the UK experienced strong economic growth, mostly due to increased consumer spending powered by a weakened pound. After a short plunge following the referendum, the venture sector seems to have bounced back, with investments and development booming. Whether the situation will change during the upcoming negotiations, however, is still uncertain.

What do British entrepreneurs say?

Diving deep into the Brit startup scene to get some first-hand perspectives on the Brexit business, we spoke to UK-based entrepreneur James C. Palmer, founder of GamerDating.com.

As is the case for many other young tech companies in the UK, Europe is not GamerDating.com's main market, since do most of their business in dollars with the US

and the rest of the world. As an exporter with expenses in pounds, the decline in the value of the pound has benefitted the company's bottom line. While the pound did tumble a sharp 31 percent immediately following the Brexit vote, however, there was a preceding trend of the pound depreciating with respect to the US dollar and Euro. The trend continued post-Brexit, so it's hard to pin the controversial vote down as the main reason for the depreciation effect.

Another political issue that Palmer highlights is data confidentiality under the Tories' "digital charter" proposal, a subject of major concern for any online business, especially one handling such sensitive data as is generated in a dating site. A manifesto intending to tackle the challenge of regulating large social media companies, the digital charter was perceived by many as taking away a fundamental human right - privacy. According to Palmer, if the government enacted legislation aiming to intercept digital traffic, startups and investors wanting to build businesses in the UK would definitely be put off.

»It's important to note I voted remain, knowing that Brexit would be advantageous to my business's bottom line, but disagreeing with the social implications. If the pound goes up no one is going to care and if it goes down the most important concern is going to be imports. The UK imports more than it exports to the EU and if prices are going up, fewer people in Britain will buy from Europe. It's going to be an interesting time.«



Effects on the tech sector

INVESTMENT

While many non-UK companies and investors expressed apprehension at the prospect of Brexit, the favourable exchange rates seem to have encouraged an investment boost in the short term, at least. According to OECD data, UK foreign direct investment inflows rose to £197 billion (\$254 billion) in 2016, the highest level since 2005. Perhaps most notable in the tech sector was the £24 billion acquisition of ARM Holdings by Japanese telecom Softbank. When it comes to venture capital, however, the verdict is still unclear. In its quarterly Venture Pulse report, KPMG noted a 20 percent year-on-year decline in total venture financing amounts for 2016, amounting a total

The outlook for 2017 is positive, however, reports show a growth in venture deals for the first quarter of 2017.

of \$4.8 billion. The outlook for 2017 is positive, however, as the consulting company reported a growth in venture deals for the first quarter of 2017, with total venture financing for the period surpassing \$1 billion. The number of deals has dropped, which shows that investment focus in the UK tech sector has shifted to larger, later-stage deals, in line with current global trends.

The UK government approved a 25 percent increase in total available Tech Nation visa endorsements for the fiscal year of 2017.

TALENT WANTED

The tech industry depends on talent from all over the world. The concern was that Brexit would lead to a shortfall of talents because curbing immigration was one of its key promises. With negotiations only just getting started, the degree of UK involvement in the EU Single Market and implementation of the four freedoms post-Brexit is unclear. The government has kept its cards closely to its chest so far, but UK ministers have indicated that low-skilled workers from the EU would still be allowed to come to the UK after free movement has ended. In relation to this, a two-year fixed, non-extendable visa for EU youths has been considered. When it comes to the 'Tech Nation' visa, a Tier 1 Exceptional Talent immigration visa sponsored by Tech City UK, the government approved a 25 percent increase in total available endorsements for the fiscal year of 2017. This comes on the tail of the administration reporting that the previous year's allocation of 200 tech visas was granted in full. The tech visa was introduced in 2014 in order to address the shortage of skilled software engineers in the fast-growing tech start-up sector. Judging by the way the UK government has responded to growing talent needs so far, it seems safe to say that startups can also expect support in this area in the future.

THE NEXT SILICON VALLEY

Competition is on for which startup ecosystem will take the crown as "the Silicon Valley of Europe". Berlin, London, and Paris – among others – are in the running to be the go-to spot for tech of the Old World. Berlin, in particular, has been actively inviting London startups disenfranchised in the wake of the Brexit vote. Despite it all, however, the UK remains the first choice of Silicon Valley giants, with Facebook, Google, Microsoft, Amazon, and Apple all announcing major investments in the UK with the promise to create thousands of new jobs in the country. Indeed, the decision of where to base your business shouldn't be made hastily, and many different aspects must be taken into account. Usually, established business partners, taxes and regulation, as well as lifestyle habits outweigh the tediousness of relocating, whatever benefits the new environment may bring.

POTENTIAL ADMINISTRATIVE OBSTACLES

The Digital Single Market strategy is a set of 16 initiatives first implemented by the European Union in 2015. Aiming to open up digital opportunities for people and businesses, it covers the elimination of roaming charges, a consensus fully achieved this June, as well as unifying the digital market with a single set of data protection and privacy laws, a common cybersecurity law, Union-wide infrastructure standards and access to online services like Netflix or Spotify. It is as of yet unclear to what extent the new regulation will apply to UK companies - and vice versa, how the UK will handle its own privacy and cybersecurity legislation. Court jurisdiction for digital disputes will also need to be agreed upon. Data protection in particular could pose an issue if the UK chooses to move closer to the US model of privacy.

With negotiations kicking off just as we prepare to print this issue, the long-term impact of Brexit on startups and tech companies remains to be seen.

The Ballad of BLOCKCHAIN

Danijel Pančić, Bitstamp

Almost a decade ago, a single, still unknown, voice in the dark stood up to the system that was about to collapse and gave birth to something we are only now beginning to grasp. Although the idea wasn't all that new, it was first materialized after the banking system caved in 2008, exposing the shortcomings of centralized currency systems. **Bitcoin was born.**

What issues pestered currencies in the past, for example double spending or the slow speed of money transfers, Bitcoin solved. Inflation is hardwired into the Bitcoin system, so it cannot be manipulated by anyone, and its worth is dictated only by the market. And it was valued high! So high, in fact, it produced many unsuspecting millionaires.

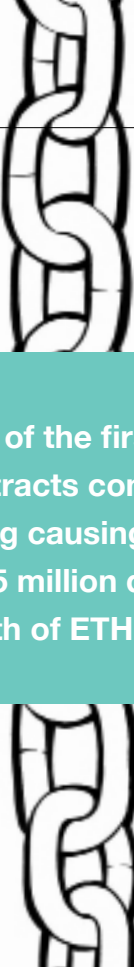
After the initial spike of BTC price, peaking at almost 1200 dollars, in late 2013, after most were satisfied with their investment gains, things died down a bit. Many developers saw this as an opportunity to promote their own ideas for blockchain implementations. Most new cryptocurrencies weren't original - some were just copies of Bitcoin with different parameters - but there were also some truly innovative ideas.

It took about a year from the BTC price spike until the "Cambrian explosion" of cryptocurrencies happened, during which a new one would appear every week. Some were pure pump and dump types, focused only on market capitalization, some were created with an agenda, to be a solution to a specific problem, and some looked like a precursor to ICOs. All of them were affected by the same issues - their value was dictated by the market price on exchanges, and adoption was limited to enthusiasts. No matter how great the idea behind them was, their value was the spot price between the bids and asks, their mission, possibly, forgotten. In practice, many were all but reduced to a speculative investment.

In order to break this cycle and unleash the full potential of the blockchain technology, a planned and well thought-out approach was needed. It would take, again, some time and a planned attack on the problems that would break this cycle. A solution that didn't promise a high price on the exchanges; something that would earn its value elsewhere. Eventually, in 2015, Ethereum emerged as the first blockchain promising to disrupt a wide range of transactional processes and relationships. It is, like Bitcoin, only a blockchain, just upgraded. It does what it promises well, bringing smart contracts and a plethora of other new features to the world of blockchain.

All of the new cryptocurrencies were affected by the same issues - their value was dictated by the market price on exchanges and adoption was limited to enthusiasts.

What Ethereum successfully demonstrated is the need for blockchain in many different industries. An ambitious project, Ethereum proposed to be a solution suitable for any situation. In practice, however, the problems companies and governments face are complex, often requiring custom-made and costly solutions. Still, what Bitcoin initiated and Ethereum built upon is one indisputable achievement - it has demonstrated the superiority of blockchain to conventional approaches.



Ethereum, as an instance of a blockchain also demonstrated another flaw: smart contracts are pure code, and as such, they can contain bugs. One of the first smart contracts, the DAO, had one of those, causing a leak that resulted in a loss of 75 million dollars' worth of ETH, and more importantly, a loss of confidence in Ethereum because of what followed. To reverse this leak, a consensus was needed, and reached, to revert the blockchain to a state before the leak. This proved that even decentralized systems carry the risk of being manipulated, but require a consensus in the network.

Regardless of their individual shortcomings, these technologies opened up a number of new opportunities, enabling for instance proprietary blockchains that solve logistics issues and save billions of dollars lost in a bottomless pit of bureaucracy, decentralized networks where a digital signature is trusted

One of the first smart contracts contained a bug causing a leak of 75 million dollars worth of ETH

by the majority, not a single entity, social networks where there's no fear of censorship, or money transfers that happen in seconds and cost a fraction of what banks would charge. Even just an ordinary savings account could benefit from using a blockchain; the value will rise and fall, but it will stay secure, beyond what steel doors in a vault can provide.

What blockchain needs most to continue its progress at this moment is adoption. Not just by tech savvy people, who tend to adopt new technologies early, but everyone. This time, a killer app might not be what we're looking for. What we need is to prove that existing systems might be outdated, and that blockchain is what we need - the tech that will actually solve the problem. What we must not wait for is a reason for another big invention like in 2008.

Hot topic: ICOs a.k.a. TOKEN CROWDSALES

Q&A: **Jan Isaković**, Cofound.it

“ Don't do it just for the money - because you will not get it. ”

What happens in a token crowdsale?

Token crowdsale allows startups to “pre-sell” their service to supporters world-wide. For example - a startup working on a platform that will use their token for actions and monetisation can pre-sell those same tokens to supporters, gaining not only funds but also early adopters and evangelists who are extremely motivated to see the startup succeed.

What are the main challenges a startup faces in a token crowdsale?

There are two main challenges: first, the entire raising process is condensed into three months - not three years, which gets extremely hectic. And second, as soon as the crowdsale ends the supporters demand progress. If 1 VC is demanding, imagine having 3000! That's why the whole process is geared towards raising enough to really scale globally fast, with the amounts from 5 to 30 M USD.

Any final advice for companies thinking about raising funds through a token crowdsale?

If you are thinking about a token crowdsale, don't do it just for the money - because you will not get it. Really think about how to implement the benefits of blockchain into your service and make the most out of your token. Once you know that, you're on a good path to persuading your crowdsale supporters.

JAPAN

The land of the Rising Startups

One could scarcely imagine that Japan, one of the world's top countries in terms of technology and development - they are famous for their robots, after all - was still a feudal society only 150 years ago.

Left in economic and literal ruins after World War II, Japan experienced a remarkable economic growth "miracle" that birthed a number of startups, which have since become industry leaders, their brands worldwide household names: Sony, Toyota, Canon and Toshiba, to name just a handful.

In more recent times, however, entrepreneurship took a back seat as traditional and risk-averse cultural values shaped the structure of the Japanese economy. Placing great importance on stability and security, many Japanese today seem to prefer a corporate career. According to the Global Entrepreneurship Monitor survey, Japan has consistently remained at the very bottom of the spectrum when it comes to entrepreneurial intent. In 2014 (latest available data), Japan still had the lowest share of adults involved in an early-stage entrepreneurial activity, at only 3.8% compared to the average of 8.54% in innovation-driven economies.

So if Japanese startups are so few and far between, what is the source of Japanese innovation? Perhaps the bright ideal of lifetime employment, which had generated practices such as in-house employee rotation, also created a fertile environment for corporate innovation. Indeed, Japanese companies were long known for their strong internal R&D departments and activities. To put in perspective: Japan's business sector accounts for 77% of total gross expenditure on R&D, amounting to 137 billion dollars, or 2,49% of GDP in 2010.

Corporations also lead in the field of venture capital. Although there is a growing VC industry in Japan, startups raise a lion's share of total funding (80% in Q2 2015) in deals with corporate venture capital. And while VCs tend to either focus on the Japanese market or look for regional

**Boosting
entrepreneurship
has been on Japan's
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the late 1980s**

or overseas synergies (one such example is 500 Startups Japan), corporates like Softbank are more globally minded. Partnering up with Saudi capital and a number of global leaders like Apple, Qualcomm, Sharp, and Foxconn, the Japanese telecom giant recently closed a 93 billion dollar investment fund.

However, that's not to say that corporate capital runs the game entirely. Both the number

of investments and the total amount raised by startups is rising rapidly. In 2016, Japanese startups raised almost 2 billion dollars of funding, up 22.3 percent from the previous year. Success hasn't been limited exclusively to funding - Line Corporation, the leading messaging app both in Japan and the surrounding region, debuted on the New York Stock



Photo: Perels



Startups to keep an eye on

scouty

Scouty is an artificial intelligence-powered recruiting tool which helps companies find engineers by crawling social networks and other open data sources like GitHub for candidates.

FOVE

Fove is a VR startup focusing on eye tracking technology, helping users experience a more natural depth of field and letting them aim with their eyes, focus their vision, or even make eye contact in VR.

IERAE SECURITY INC.

Ierae Security tests your IoT devices as well as web and mobile applications for vulnerabilities. It has already grabbed major clients like CyberAgent.

A turnaround in Japanese policymaking strategy regarding innovation and SMEs came in 1999, when the government realised that new companies would be needed to boost the stagnating economy. After introducing a Startup Loan Program in 2001 and removing the minimum capital requirement for LLCs in 2004, Japan jumped the startup bandwagon, designating Fukuoka City of southern Kyushu island as National Strategic Special Zone for startups and job creation. Both domestic and foreign startups can benefit from special tax, visa, and cost incentives by founding a company in Fukuoka.

Legislation recognising bitcoin as a legal method of payment came into effect in April 2017

The current Prime Minister, Shinzo Abe, seems to place high hopes into startups and staying on the cutting edge of technology. Last year, Abe toured Silicon Valley, meeting with industry leaders at a Stanford University conference to speak about the importance of connecting the two ecosystems. Like their peers from many other countries, Japanese startups seek to find funding and success across the Pacific.

The Japanese have always been great adopters of new ideas and technology, taking the best from the outside world, making it their own, and then building on top of that. It's quite possible that we're witnessing such a process right now - after months of debate, legislation recognising bitcoin as a legal method of payment came into effect in April 2017. Japanese companies were quick to adopt: Bic Camera, an electronics retail giant, started accepting bitcoin as payment within a week; Peach Aviation, a low-cost airline, now also offers travelers the option of buying their tickets with bitcoin; and many Japanese municipalities are using cryptocurrencies to attract foreign tourists. Startups listed on the smaller Mothers listing of the Tokyo Stock Exchange are also using the new laws by leveraging blockchain technology to increase their stock market value.

Japan has a number of real issues, including demographics, national debt, labour force shortages and natural disaster recovery. All of these present an opportunity for agile startups to carve out a space for themselves in the 126 million strong, third largest economy in the world. Legislation has never been more accommodating for new businesses, be they domestic or foreign. The abundance of gaming companies combined with a strong electronics industry also creates a fertile ground for VR innovation. Conditions are set for the next explosive unicorn to gallop out of Japan.

Exchange last July in what would be the largest tech IPO of 2016, raising over one billion dollars in the offering.

In fact, boosting entrepreneurship has been on Japan's to-do list ever since the economic slowdown that came on the heels of the Japanese bubble period of the late 1980s.

Under the radar

Top events you may have missed

Nordic Startup Awards Grand Finale

Sweden, Stockholm – October 20th

New players in Europe, pushing Europe to be on the front stage for global startup innovation. Fast-growing startup ecosystem in the Nordic Countries, cold countries but boiling hot innovation! They reward not only the startups, but also the best investment funds, and place great emphasis on the tech itself.

Ticket price: TBA

nordicstartupawards.com

Hello Tomorrow - Deep Tech

Peru, Lima – June 27th and 28th 2017

Concentration of some of the best brains of deep tech in the world, connecting leaders and scientists in order to shape the future of societies. A summit and series of events all over the world. The challenge is simple: how to change the world and say hello to tomorrow's revolution.

Ticket price: \$100 – \$120

hello-tomorrow.org

Women Startup Competition Europe — Final Demo Day

UK, London – July 1st 2017

Female entrepreneurs unite! Are you part of a startup that has a 50%-50% gender diversity representation, or perhaps a majority of your teammates are women? Grab your ticket before they disappear! Very open minded event, very broad in terms of startups, different stages of growth, all united to discuss the challenges of tomorrow in innovation and gender equality.

Ticket price: Donation

womenstartupcompetition.com

hub.berlin

Berlin, Germany – November 28th 2017

In vibrant Berlin, having the chance to meet **tomorrow's game changers of the digital world** is a blessing for anyone interested in this field. Live demo and awesome tech - it's basically seeing the future right there, with your own eyes!

Ticket price: \$787 – \$1407

hub.berlin

WEBit Festival

Bulgaria, Sofia – April 24th and 25th 2018

5000 attendees from all over the world, **a big pitching session with a huge reward of 200k** for the best pitcher and the most ambitious startup. Special focus is on policy, government and municipality representations. This is the place to make innovation go together with society and public institutions.

Ticket price: \$56 – \$2477

webit.bg

Lean Startup Week

US, San Francisco – October 30th - November 5th 2017

Whether you're an entrepreneur or a corporate innovator, you'll learn how to **implement and evolve the Lean Startup methodology beyond the startup phase**—to scale—in enterprise, in government, in nonprofits, and in areas you'd least expect it. Alongside keynotes and case studies at Lean Startup Week, they offer workshops and mentoring sessions where you can have more immersive experiences, breaking off a chunk of the practice and working through it with seasoned experts.

Ticket price: \$1650 – \$2800

leanstartup.co