Meet Five MBA Entrepreneurs Pioneering Bitcoin Blockchain

Grads’ cryptocurrency start-ups hope to rival big banks

Written by Seb Murray (http://www.businessbecause.com/resume/seb-murray) | MBA Entrepreneurs | Thursday 17th December 2015 22:36:00 GMT

MBA students from some of the world’s top business schools are pioneering the cryptocurrency bitcoin (http://www.businessbecause.com/news/making-the-headlines/3509/schools-explore-bitcoin-blockchain) in disruptive start-ups hoping to rival big banks. MBAs are tapping into new technology underpinning bitcoin in ventures taking on areas such as payments, lending, and international transfers.

“The underlying blockchain technology has the potential to impact the global economy on the scale of the internet,” said Dan Elitzer, an MBA student at MIT Sloan School (http://www.businessbecause.com/mit-sloan-school-of-management/news) who worked at Circle (https://www.circle.com/en), a leading bitcoin start-up in the US.

They follow the stream of high-profile Wall Street leaders ditching the likes of JPMorgan, Visa, and Citi in favour of bitcoin start-ups that are raising increasing amounts of venture capital. VC-backed bitcoin ventures have raised $4.8 billion, according to CB Insights.

The swelling interest in bitcoin among MBAs also comes as elite US business schools begin to broach the subject in formal courses on the digital currency.

Both NYU Stern and Duke Fuqua business schools have brought bitcoin programs to their MBA students.

Professor Campbell Harvey at Fuqua said the bitcoin blockchain has the potential to “disrupt the way we transact, verify ownership, and construct contracts”.

Not only are nimble start-ups pushing into the bitcoin area, but large lenders too:

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(http://qz.com/563967/goldman-sachs-wants-to-create-its-own-version-of-bitcoin/) made waves this month when it made a patent application for a new virtual currency called “SETLcoin”. Others including HSBC and UBS recently joined an initiative to develop the blockchain, R3.

“Many of the major banks may use blockchain technology to create internal systems for transferring money across borders or between banks,” said David Yermack, professor of finance at NYU Stern.

Squaring The Cryptocurrency Circle

Last year, Harvard MBA Paul Camp was global head of the $3 billion a year transaction services unit at JPMorgan. Now he’s the chief financial officer for Circle, a mobile payments start-up built on the bitcoin network.

Circle launched its first product, an app for storing and transferring bitcoin, last year. The company said it has attracted customers in the “six figures”, in 100 countries.

Circle, which has offices in Boston, San Francisco and Dublin, is backed by $76 million from investors including Goldman, IDG China, Breyer Capital, Accel and General Catalyst.

Since graduating from Harvard, Paul has worked for Bank of America, and in numerous positions across Deutsche Bank, including as managing director of cash management for financial institutions.

Pumping Up Fintech

Former Visa CEO Joe Saunders led the payments company through its IPO on Nasdaq seven years ago. Since retiring in 2012, the University of Denver MBA has made a bold return, pushing into the financial technology sector with the launch of Green Visor Capital (http://www.greenvisorcapital.com/), a VC firm focused on fintech (http://www.businessbecause.com/news/mba-entrepreneurs/3456/fin-tech-mba-entrepreneurs-innovate-finance) start-ups.

Key investments include $8 million in Cloud Lending Solutions, a tech provider to peer-to-peer lenders; $5 million poured into DataFox, a research and analytics platform; and a $1.5 million injection into Kash, a payments venture based in San Francisco which is taking on credit card providers.

“The changes brought about by the adoption of new technologies has been dramatic and will only accelerate in the months ahead,” Joe, a former MasterCard board director, said recently.

Causing Ripples In Global Currencies

Stanford MBA Chris Larsen can trace his roots to fintech. The CEO and co-founder of Ripple (https://ripple.com/), an alternative cryptocurrency based on bitcoin, also founded E-LOAN, one of the first online lenders to float, which was acquired in 2005. Chris also launched Prosper, a leading US peer-
Ripple is his latest venture. It is trying to solve some of the problems associated with bitcoin, such as the amount of time it takes to verify transactions.

“If you were executing a transaction involving all kinds of hedge funds, a path could be directed that instead of 20 hops would take one instant hop,” he told Business Insider.

Google Ventures and Andreessen Horowitz, the Silicon Valley VC firm, have invested in Ripple. It has raised $70 million in total, and is reportedly valued at $100 million.

**Xapping Bitcoin Into Space**

Harvard Business School graduate Wences Casares is the founder and CEO of Xapo (https://xapo.com/), which offers two products: an easy access wallet for bitcoin and a locked-down cloud storage vault. It aims to combine convenience with security.

Xapo is working to bolster its security offering by locating elements of its security architecture within a low orbit satellite.

“Bitcoin’s ability to scale hinges on consumer confidence and the development of services that allow people and institutions to easily and securely store and transact in bitcoin,” Wences said in a blog post.

The Bay Area based company also launched a bitcoin debit card last year. It has raised $40 million in venture capital from the likes of Greylock Partners and Index Ventures.

**Kraking Bitcoin Exchange**

Since leaving San Francisco State University with an MBA, Ayako Miyaguchi has steered the launch of Kraken Bitcoin Exchange (https://www.kraken.com/) in Japan.

Kraken is a leading bitcoin exchange in the US, hoping to expand globally. On the Japan launch, Ayako said Kraken’s ability to handle larger volumes will be a lure for potential Japanese users, such as traders who may not have experimented with bitcoin yet.

“That’s what we can do better than the smaller exchanges,” she said at the time.

As managing director, she leads projects and business deals, and handles compliance.

The San Francisco headquartered company has raised $6.5 million in venture capital from 11 investors, among them Blockchain Capital and Hummingbird Ventures.
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