

Cryptoventures: The Next Big B-School Thing?

BY: NATHAN ALLEN ON AUGUST, 09 2016 | 1 COMMENT ([HTTP://POETSANDQUANTS.COM/2016/08/09/CRYPTOVENTURES-NEXT-BIG-B-SCHOOL-THING/#DISQUS_THREAD](http://poetsandquants.com/2016/08/09/cryptoventures-next-big-b-school-thing/#DISQUS_THREAD))



(<http://poetsandquants.com/wp-content/uploads/2016/08/Campbell-Harvey.jpg>)

Campbell Harvey, a finance professor at Duke University's Fuqua School of Business, has been teaching innovation and cryptoventures for two years. Courtesy photo

Three years ago Campbell “Cam” Harvey was stressed about an upcoming lecture. And that’s not typical. The J. Paul Sticht professor of international business at Duke University’s Fuqua School of Business, Harvey has led an illustrious three-decade long career in finance academia, including a seven-year stint as the editor of the *Journal of Finance*. “When a student asks a question, I’m going to be in good shape,” Harvey tells *Poets&Quants*. “If I don’t know the answer immediately, I can find it very quickly.”

Except for that lecture three years ago. Fresh off his time at the *Journal of Finance*, Harvey thought he’d revamp his bread-and-butter course, International Finance. So in addition to the typical lectures exploring currencies of globally and economically important countries, he decided to dedicate a lecture solely to cryptocurrency — the name given to virtual money, which includes Bitcoin. Problem was, Harvey didn’t really know much about cryptocurrency.

“I gave the lecture and I was totally nervous because it was fresh material and there were some things that I was not even sure of,” Harvey recalls, noting the inherent mathematical complexities behind things like Bitcoin. “For this lecture, I’m figuring, well, there could be some students with computer science backgrounds that are going to make me look very silly. So there is a fair bit of stress in doing this.”

SETTLING THE WILD WEST FEEL OF BLOCKCHAIN AND BITCOIN

Indeed, some techie MBA looking to exert her or his CS prowess could have let loose. Except, they loved it.

“I couldn’t believe it. I never — in my teaching experience in this course — have had students so engaged in a topic,” says Harvey, adding that he took more time preparing for that one lecture than all other lectures in the course combined. “It was magical.” Some of the students in the room even told Harvey it was the single most important lecture they had attended as MBAs.

The responses were enough for Harvey to pitch a cross-discipline course to colleagues in the law and computer science schools. Unfortunately, the law professor left for another school and the computer science professor was tied up with another course that would conflict timing-wise. Instead of a three-part elective offered through the entire university, Harvey would have to teach the entire course and move it under the umbrella of Duke’s Fuqua School.

“There was stuff in the news about Bitcoin this and Bitcoin that,” Harvey says of when he was initially considering the idea of a full-fledged course. “I talked to my colleagues and they were extremely skeptical.” Rightfully so. Bitcoin itself has only been around since 2009 and very much has a Wild West feel. It’s outright outlawed in some countries. Others, like the United

States, have attempted to stay ahead of the financial technology (fintech) curve by clarifying tax treatments and regulations of Bitcoin and other digital currencies.

A ONE-OF-A-KIND B-SCHOOL COURSE?

Still, **some believe** (<https://bitcoinmagazine.com/articles/the-united-states-is-falling-behind-in-bitcoin-regulation-1461604211>) the U.S. isn't doing enough and is susceptible to being passed up in cryptocurrency innovation by the United Kingdom. Earlier this summer, the European Union Parliament met to vote for "**smart regulation** (<https://bitcoinmagazine.com/articles/eu-parliament-votes-for-light-handed-regulation-of-blockchain-technology-1464971927>)" of Bitcoin and other blockchain technology. Of course, Bitcoin usage has also been riddled with fraud — notably Trendon Shavers' 2015 **guilty plea** (<http://www.coindesk.com/bitcoin-ponzi-scheme-operator-pleads-guilty-to-securities-fraud/>) to securities fraud. Just last week, **hackers stole \$65 million** (<http://qz.com/753958/the-65-million-bitfinex-hack-shows-that-it-is-impossible-to-tell-a-good-bitcoin-company-from-a-bad-one/>) from users of Bitfinex, one of the largest cryptocurrency exchanges in the world. Such cases have perpetuated legal, and practical, hesitation around the globe.

Nonetheless, Harvey saw an important opportunity. "The more I read, the more I realized this (Bitcoin) was a very well-thought-out, very careful, quantitative, mathematically correct sort of analysis that is definitely solving problems," he says. "And has the ability to substantially disrupt many areas of business." Duke Fuqua students seem to agree. During the first offering of the new course — Innovation and Cryptovertures — some 13 students participated. Word spread and the second rendition saw an entirely full elective with more than 75 students, 74 of whom were MBAs.

While Bitcoin-focused clubs have popped up across business schools and New York University's Stern School of Business offers a bitcoin-specific course, Harvey says his course is unlike any offered at another elite B-school in the world. "We're offering something that as far as I can tell, no other top business school offers," he says, adding that he specifically designed the course to be entrepreneurial-focused. What's more, he says, the majority of students who take the course so far aren't even finance-focused MBAs. "It focuses on this technology that could be disruptive in many areas of business," Harvey continues.

AN ENTREPRENEURIAL-FOCUSED COURSE

One of those students is Irakli Pkhovelishvili. A former strategic planning specialist at the Georgian Oil and Gas Corporation, Pkhovelishvili entered a U.S. MBA program specifically with entrepreneurship in mind. "The pace in which things moved forward in my country was a little slow," the 25-year-old says of innovation and entrepreneurship in his native Georgia. But

it wasn't until his final semester in Harvey's course that he met his teammates and found his idea.

Harvey's course is structured in two parts. First, students learn all things blockchain. Harvey paints this historical context of money and digital money, and students are expected to become experts in everything from digital signatures to hashing, encryption, and public and private digital transactions. They do this through finding a firm in the space and presenting what the firm does — and its chances for success. "It's relatively easy because it's something that exists," Harvey explains. Students then are placed in teams and expected to come up with their own business idea and 15-page pitch deck to present at the course's conclusion. The plan and presentation is worth "almost all of the grade," Harvey says.

"After teaching the course two years ago, I was fearful that all of the good ideas were taken," he admits. "I was fearing the students would be out of ideas." Instead, teams came into scheduled advising meetings with handfuls of new ideas. "They started going through their ideas and I'm thinking, every single one of these ideas is a viable idea and could be viable businesses," Harvey remembers.

Page 1 of 2 **1** **2 (<http://poetsandquants.com/2016/08/09/cryptoventures-next-big-b-school-thing/2/>)** »
(<http://poetsandquants.com/2016/08/09/cryptoventures-next-big-b-school-thing/2/>)

◆TAGGED: ALEX CASTRO ([HTTP://POETSANDQUANTS.COM/TAG/ALEX-CASTRO/](http://poetsandquants.com/tag/alex-castro/)), BITCOIN ([HTTP://POETSANDQUANTS.COM/TAG/BITCOIN/](http://poetsandquants.com/tag/bitcoin/)), BLOCKCHAIN ([HTTP://POETSANDQUANTS.COM/TAG/BLOCKCHAIN/](http://poetsandquants.com/tag/blockchain/)), CAMPBELL HARVEY ([HTTP://POETSANDQUANTS.COM/TAG/CAMPBELL-HARVEY/](http://poetsandquants.com/tag/campbell-harvey/)), CRYPTOCURRENCY ([HTTP://POETSANDQUANTS.COM/TAG/CRYPTOCURRENCY/](http://poetsandquants.com/tag/cryptocurrency/)), DUKE UNIVERSITY ([HTTP://POETSANDQUANTS.COM/TAG/DUKE-UNIVERSITY/](http://poetsandquants.com/tag/duke-university/)), DUKE'S FUQUA SCHOOL OF BUSINESS ([HTTP://POETSANDQUANTS.COM/TAG/DUKES-FUQUA-SCHOOL-OF-BUSINESS/](http://poetsandquants.com/tag/dukes-fuqua-school-of-business/)), FELIPE CASTRO ([HTTP://POETSANDQUANTS.COM/TAG/FELIPE-CASTRO/](http://poetsandquants.com/tag/felipe-castro/)), FINTECH ([HTTP://POETSANDQUANTS.COM/TAG/FINTECH/](http://poetsandquants.com/tag/fintech/)), FUQUA ([HTTP://POETSANDQUANTS.COM/TAG/FUQUA/](http://poetsandquants.com/tag/fuqua/)), FUQUA SCHOOL OF BUSINESS ([HTTP://POETSANDQUANTS.COM/TAG/FUQUA-SCHOOL-OF-BUSINESS/](http://poetsandquants.com/tag/fuqua-school-of-business/)), IRAKLI PKHOVELISHVILI ([HTTP://POETSANDQUANTS.COM/TAG/IRAKLI-PKHOVELISHVILI/](http://poetsandquants.com/tag/irakli-pkhoverishvili/)), NEWS COIN ([HTTP://POETSANDQUANTS.COM/TAG/NEWSCOIN/](http://poetsandquants.com/tag/newscoin/))

YOU MIGHT ALSO ENJOY

Cryptoventures: The Next Big B-School Thing?

BY: NATHAN ALLEN ON AUGUST, 09 2016 | 1 COMMENT ([HTTP://POETSANDQUANTS.COM/2016/08/09/CRYPTOVENTURES-NEXT-BIG-B-SCHOOL-THING/#DISCUS_THREAD](http://poetsandquants.com/2016/08/09/cryptoventures-next-big-b-school-thing/#DISCUS_THREAD))



(<http://poetsandquants.com/wp-content/uploads/2016/08/Irakli-Pkhovelishvili.jpg>)

Irakli Pkhovelishvili, a recent Duke Fuqua grad and co-founder of NewsCoin. Courtesy photo

AN ALTERNATIVE TO THE PESKY NEWS PAYWALL?

With Harvey's background in newspaper and journal publishing, one idea in particular piqued his curiosity. Pkhovelishvili and his four teammates proposed NewsCoin, essentially a pay-as-you-read way to monetize online journalism and blogging. At its most basic form, NewsCoin is a patented technology allowing news sites and blogs to charge micro-transactions for users in a per-article payment system. As international graduate students, Pkhovelishvili and co-founder and fellow Duke Fuqua MBA Alex Castro knew well the frustrations of pesky paywalls. Through **NewsCoin** (<http://www.thenewscoin.com/>), users would be able to navigate individual articles of participating content generators, and instead of a flat rate of \$19.99 a month, for example, for one news source, they could surf as many articles as they want from participating sources — then be billed according to activity level.

"You start with a NewsCoin wallet and we'll cross-authenticate you through all the content providers that are working with us," Pkhovelishvili explains.

"The traditional approach of putting a paywall around your site has failed for almost everybody except the *Wall Street Journal* and *The New York Times* and places like that," adds Harvey, who serves on the startup's advisory board. He sees the idea having multiple advantages. First, and obviously, it's another stab at monetizing news in a digital era. Moreover, if notable news sources buy in, it could provide an advantage for consumers of the news — foremost among the, convenience. Of course, the clunky switch by media companies to digital has often come with a depletion of newsroom resources, and Harvey points to the loss of quality journalism as something that could, in time, be reversed.

Harvey says the evolution of ad blocking technology could force media companies to consider alternative forms of monetization, and monetization is the key to dam the massive amounts hemorrhaging from many major media outlets. He says processing tiny amounts of payment has been a potential issue for the new type of monetization — but blockchain technology, and specifically the technology Castro has helped develop alongside the Brazilian-based development company, Aevotech, may be the answer. "How do you process one penny of payment? The answer is no longer theoretical, it's real technology," Harvey explains.

A COVETED SPOT IN MASS CHALLENGE

After the final presentation of Harvey's course, Castro and Pkhovelishvili decided to pursue NewsCoin, and supportive and intrigued classmates came in droves. "Every person in our group had the same experience," Pkhovelishvili says of the original five teammates. "People kept coming up to us wanting to know more." So the two snagged Castro's brother, Felipe, a 2015 graduate of Harvard Business School, and began developing the actual site and product.

“We had time during the summer after we graduated,” Pkhovelishvili says. “We knew it wasn’t hard to bring to life, so we thought, ‘Why not do this startup?’”

The team applied for Boston-based accelerator, **Mass Challenge (<http://masschallenge.org/>)**, and were one of 125 teams to be selected out of more than 2,800 applicants. They officially launched the platform on Aug. 1. Of course, they face some immediate hurdles. For one, they must convince news outlets to give it a try. Pkhovelishvili and the Castros, who are originally from Brazil, are testing the product with the upcoming launch of a Brazil-focused business blog founded by popular business journalist Geraldo Samor. If things go well, the team plans to move the platform to small community newspapers in the U.S.

So far, Felipe Castro will be the only one moving forward with the venture on a full-time basis. Pkhovelishvili says while they have been bootstrapping so far, the team plans to do a seed investment round this fall. Potential funding connections have been established through Mass Challenge, he says, which gives them immediate entrepreneurship legitimacy. In addition to a team of mentors and office space, Mass Challenge has provided legal connections, which has been particularly helpful amid the uncertainty of global blockchain regulation.

AN EVOLUTION IN BUSINESS EDUCATION?

As for similar courses popping up on other B-school campuses, Harvey says it’s coming, albeit at a slow rate. “There is a lot of inertia,” Harvey says. “And I guess I’ve taken the risk. And maybe other schools will follow.” He says several other elite schools have asked for his course slide decks, with UC-Berkeley’s Haas School of Business being particularly interested.

For Harvey, cryptocurrency’s ability to process micro-transactions — exemplified by NewsCoin — is why he sees blockchain as an important addition to B-school curriculum. “Micro-transactions are why this technology has a lot of promise in emerging markets, where the transactions could be very small but people are un-banked,” he explains. “They might have mobile phones, but many of them don’t have banking accounts.”

Harvey believes his particular entrepreneurial focus is also essential.

“This is not writing an essay or doing some calculations on an exam,” he says. “We are forcing students to produce the same pitch deck that they would pitch to a venture capitalist. There is no difference. In a way, this might be an evolution in business education, too.”

DON'T MISS: NYU STERN ANNOUNCES FINTECH SPECIALIZATION (<http://poetsandquants.com/2016/06/22/nyu-stern-announces-new-fintech-specialization/>) or DUKE FUQUA: THE iPhone OF B-SCHOOLS? (<http://poetsandquants.com/2015/10/09/duke-fuqua-the-iphone-of-b-schools/>)

Page 2 of 2 « (<http://poetsandquants.com/2016/08/09/cryptoventures-next-big-b-school-thing/>) 1
<http://poetsandquants.com/2016/08/09/cryptoventures-next-big-b-school-thing/> 2

◆ TAGGED: ALEX CASTRO ([HTTP://POETSANDQUANTS.COM/TAG/ALEX-CASTRO/](http://poetsandquants.com/tag/alex-castro/)), BITCOIN ([HTTP://POETSANDQUANTS.COM/TAG/BITCOIN/](http://poetsandquants.com/tag/bitcoin/)), BLOCKCHAIN ([HTTP://POETSANDQUANTS.COM/TAG/BLOCKCHAIN/](http://poetsandquants.com/tag/blockchain/)), CAMPBELL HARVEY ([HTTP://POETSANDQUANTS.COM/TAG/CAMPBELL-HARVEY/](http://poetsandquants.com/tag/campbell-harvey/)), CRYPTOCURRENCY ([HTTP://POETSANDQUANTS.COM/TAG/CRYPTOCURRENCY/](http://poetsandquants.com/tag/cryptocurrency/)), DUKE UNIVERSITY ([HTTP://POETSANDQUANTS.COM/TAG/DUKE-UNIVERSITY/](http://poetsandquants.com/tag/duke-university/)), DUKE'S FUQUA SCHOOL OF BUSINESS ([HTTP://POETSANDQUANTS.COM/TAG/DUKES-FUQUA-SCHOOL-OF-BUSINESS/](http://poetsandquants.com/tag/dukes-fuqua-school-of-business/)), FELIPE CASTRO ([HTTP://POETSANDQUANTS.COM/TAG/FELIPE-CASTRO/](http://poetsandquants.com/tag/felipe-castro/)), FINTECH ([HTTP://POETSANDQUANTS.COM/TAG/FINTECH/](http://poetsandquants.com/tag/fintech/)), FUQUA ([HTTP://POETSANDQUANTS.COM/TAG/FUQUA/](http://poetsandquants.com/tag/fuqua/)), FUQUA SCHOOL OF BUSINESS ([HTTP://POETSANDQUANTS.COM/TAG/FUQUA-SCHOOL-OF-BUSINESS/](http://poetsandquants.com/tag/fuqua-school-of-business/)), IRAKLI PKHOVELISHVILI ([HTTP://POETSANDQUANTS.COM/TAG/IRAKLI-PKHOVELISHVILI/](http://poetsandquants.com/tag/irakli-pkhoverishvili/)), NEWS COIN ([HTTP://POETSANDQUANTS.COM/TAG/NEWS COIN/](http://poetsandquants.com/tag/newscoin/))

YOU MIGHT ALSO ENJOY