
Blockchain and Digital Assets: Walking a Line Between Optimism and Risk



Brijesh Jeevarathnam
Partner & Co-Head of
Global Venture Fund
Investments, Primary
Investments

Robin Murray
Partner & Head
of Growth Equity
Investments

As later-stage venture investors, the playbook for Adams Street’s investment team typically targets innovative, fast-growing, companies in big markets that have generally achieved product market fit and are converging on a scalable business model.

Blockchain and digital asset companies have historically fallen outside those criteria. As a result, while Adams Street has kept abreast of developments in the market and has made select investments on a personal level, it is only more recently that we have sought to invest as an institution in companies and funds that are focused on blockchain technologies.

There is no question that interest in the space is increasing. But it’s also fair to say that there is a need for caution when considering investment in such a fast-changing technology that many still don’t fully comprehend.

First and foremost, blockchain is more than Bitcoin, or any other digital currency. Blockchain technologies can be viewed as a new computing platform with the power and potential to fundamentally change the way economic value is created, stored, and exchanged on the internet.

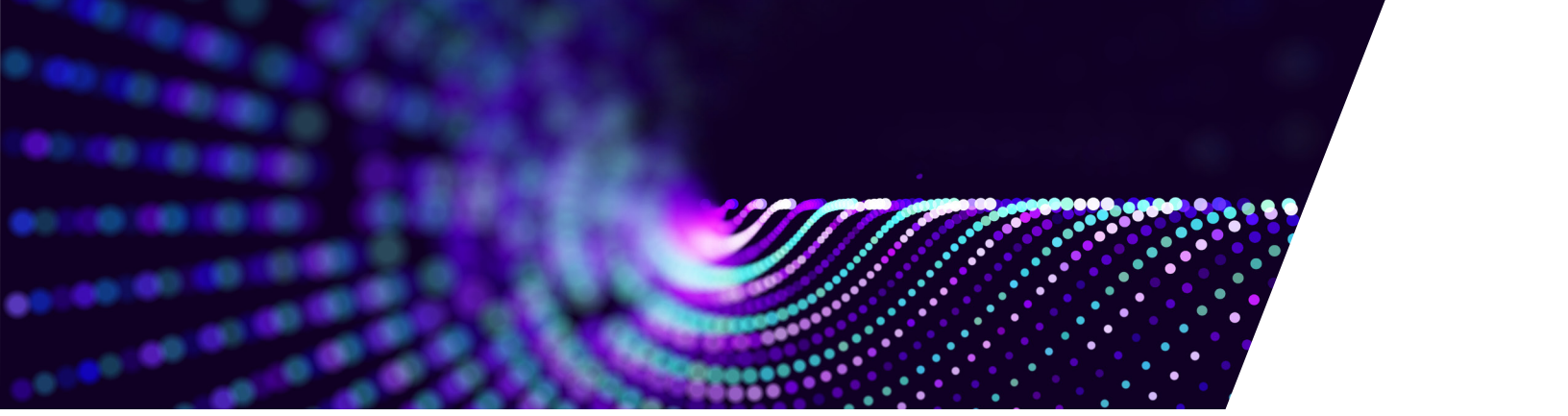
While the internet allows information such as text, images, and sound to be readily shared and altered, exchanging or modifying assets such as property or money, or trusted information such as identity or medical records, is far more difficult.

The transfer of economic value online relies on systems that are not native to the internet, for example offline payment systems such as Visa, direct debit, and bank transfers. Blockchain technologies, by embedding value securely in code, have the potential to fundamentally change this dynamic by removing the need to link to offline payment rails. Keeping the economic value exchange entirely online completes the transition from an “Internet of Information” to an “Internet of Value”.

We believe that blockchain-related investments have the potential to deliver significant returns over the next 10-20 years. However, the technology remains in its infancy. As a result, when considering where, when and how to invest, there is significant need for the strongest due diligence and risk assessment.

That’s why, as an organization, Adams Street is examining the sector closely, while cautiously determining the best places to invest.

As we continue to explore this dynamic and fast-evolving space, look out for more insights into sections of the blockchain universe such as non-fungible tokens, decentralized autonomous organizations, decentralized finance, infrastructure, stablecoins, and regulation. ■



LEADING WITH FORESIGHT™

Adams Street Partners is a global private markets investment manager with investments in more than thirty countries across five continents. The firm is 100% employee-owned and has over \$51 billion in assets under management. Adams Street strives to generate actionable investment insights across market cycles by drawing on 50 years of private markets experience, proprietary intelligence, and trusted relationships. Adams Street has offices in Austin, Beijing, Boston, Chicago, London, Menlo Park, Munich, New York, Seoul, Singapore, and Tokyo. adamsstreetpartners.com

Important Considerations: This information (the “Paper”) is provided for educational purposes only and is not investment advice or an offer or sale of any security or investment product or investment advice. Offerings are made only pursuant to a private offering memorandum containing important information. Statements in this Paper are made as of the date of this Paper unless stated otherwise, and there is no implication that the information contained herein is correct as of any time subsequent to such date. All information has been obtained from sources believed to be reliable and current, but accuracy cannot be guaranteed. References herein to specific sectors are not to be considered a recommendation or solicitation for any such sector. **Past performance is not a guarantee of future results.** Projections or forward-looking statements contained in the Paper are only estimates of future results or events that are based upon assumptions made at the time such projections or statements were developed or made. There can be no assurance that the results set forth in the projections or the events predicted will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections or forward-looking statements.