

October 28 - November 3 (Published November 6th)

PERSPECTIVES by Todd White

28 Crypto Private Financings Raised: ~\$161M

Rolling 3-Month-Average: ~\$219M

Rolling 52-Week Average: ~\$216M

Decentralized Physical Infrastructure Networks, or DePins, seek to reshape traditional models of infrastructure development and resource management with the unique features of blockchain technology. DePins typically incentivize individuals to contribute unused capacity from physical assets - such as mobile routers (Helium), smartphone sensors (Hivemapper), or computing storage (Storj) - through tokenized rewards and onchain administration.

The myriad permutations often involve three elements - (1) physical infrastructure, such as phones or storage devices; (2) middleware to link the physical assets or attributes to a blockchain, similar to the way oracles integrate external data resources for onchain applications; and (3) a blockchain to manage and administer the network, including tracking use and remittance of rewards to incentive participants. The leading L1 chains to date have been Solana and Ethereum.

Conceptually, DePin initiatives are poised to provide valuable infrastructure solutions without the traditional friction and substantial initial capex needed to bring new facilities into operation. In much the way that the rideshare community avoided the cost of purchasing cabs by paying drivers to use their own vehicles, DePins incentivize participants to own and make available physical resources to a network of users.

The potential does seem compelling, although the difficulty in getting the flywheel spinning can be substantial - a classic barrier to any business hoping to scale through the much-coveted but often elusive network effect. According to some recent reports, total revenues across all DePin projects may be a paltry \$15 million (yes, million with an "M") even while funding valuations begin to soar.

One group that may be bucking that trend is Glow Labs, an Ethereum-based solar project that closed a \$30 million round this week led by Framework Ventures and Union Square. Glow rewards owners of solar generation capacity with their native GLW tokens in exchange for excess electricity output, coupled with USDC payments to monetize available carbon credits.

It's certainly an interesting application, that could eliminate several thorny problems with distributed solar - not least of which includes the initial cost and lead time needed to bring additional kWh online, as well as the limited lifespan and disposal challenges of distributed storage, both of which hamper the ability to scale current projects for future demand load. There is still much for Glow Labs and others in the DePin space to prove, but the space presents an increasingly intriguing connection for Web3 technologies to address challenges in the physical real world that most of us inhabit.

Contact ryan@architectpartners.com to schedule a meeting.

PAST WEEK NOTABLE TRANSACTIONS						
Company	Date	Size (\$M)	Post-Money Valuation (\$M)	Stage	Subsector	Lead Investor(s)
Glow International	10/31	\$30.0	ND	Early Stage VC	Enterprise Solutions	Framework Ventures, Union Square Ventures
Nillion	10/30	25.0	ND	Early Stage VC	Data & Data Analytics	Hack VC
Ellipsis Labs	10/31	21.0	ND	Later Stage VC	Brokers & Exchanges	Haun Ventures Management
Chainway Labs	10/31	14.0	ND	Early Stage VC	Developer Tools & Infrastructure	Founders Fund
TITLES	11/1	12.2	ND	Early Stage VC	DApp: Consumer, Media	Not Disclosed
Gelato Network	10/28	11.0	ND	Later Stage VC	Developer Tools & Infrastructure	Hack VC
BitSmiley	10/29	10.0	ND	Early Stage VC	Investing & Trading Infrastructure	ABCDE Capital, CMS Holdings, OKX Ventures
PumpBTC	10/29	10.0	ND	Early Stage VC	Mining & Staking	Mirana Ventures, SevenX Ventures
Alliance Games	10/31	5.0	ND	Early Stage VC	DApp: Consumer, Gaming	Animoca Brands, Asymm Ventures
81RAVENS	10/30	4.5	ND	Seed Round	DApp: Consumer, Gaming	Digital Heart Holdings, Gree Ventures

