

Family Ties

The Internet and Crypto

FEBRUARY 13, 2025

ANNUAL UPDATE

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SPECIAL THANKS TO:

M. Jordan Payne
DESIGN & GRAPHICS

Brief Context

BEFORE DIVING IN

One year ago, on January 5, 2024, we published *Family Ties: The Internet and Crypto*. We made the case that the Internet and crypto worlds share remarkable similarities. Both are global computer networks with profound potential. Both provide blank canvases to inspire innovation. And analogous to families, both share a legacy of building upon foundations created over decades.

This February 2025 report updates progress over the past year with both data and qualitative observations. This is meant as a continuation of our original report, not a replacement. For important context, please refer to our original report [Family Ties: The Internet and Crypto](#).



Family Ties

The Internet and Crypto

JANUARY 2024

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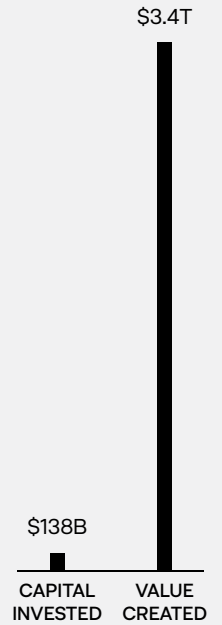


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YEAR'S REPORT

A Breakout Year

Since inception, crypto has attracted \$138B of risk capital. This has translated into \$3.4T in value so far, an astounding 25x return!

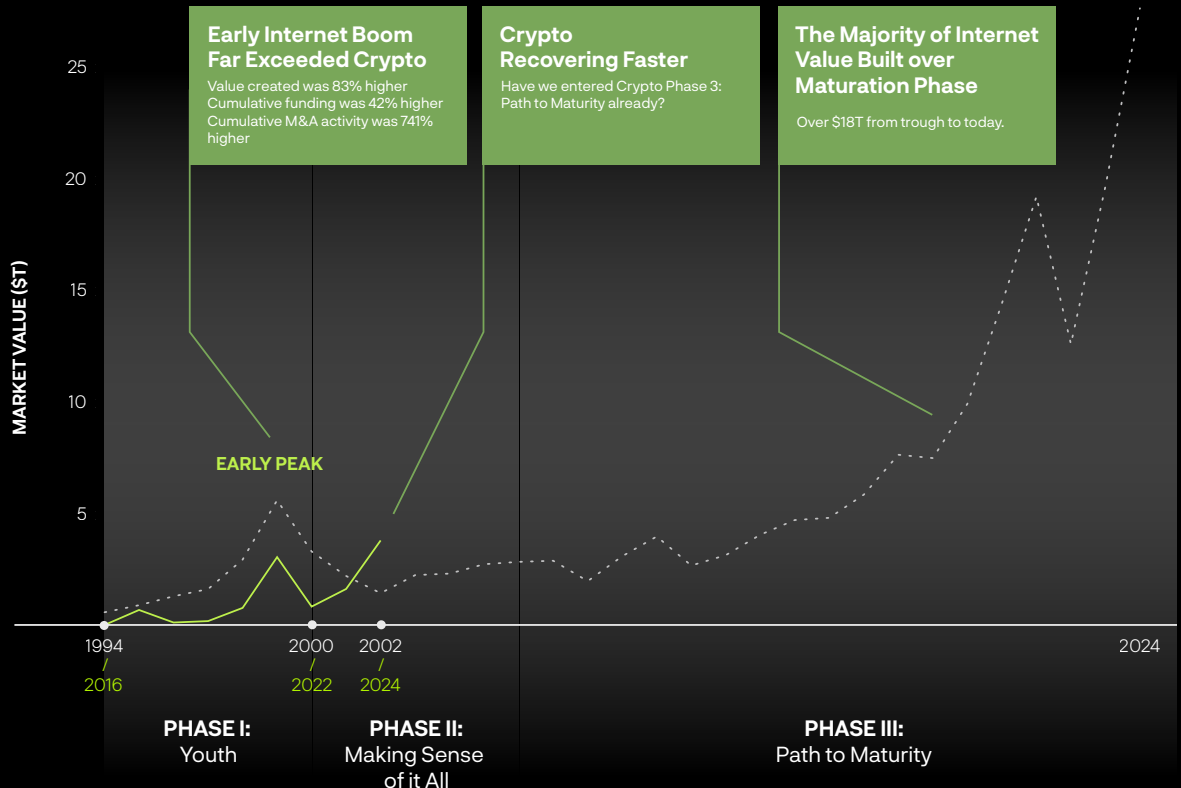
This accelerated in 2024 with crypto significantly outperforming equity indices and assets such as gold. For the first time in history, crypto value created has surpassed the Internet and is now solidly outperforming the Internet at the same stage of their respective life cycles.



Technology vs. Crypto Market Value

YOUTH, DEVELOPMENT, MATURITY

- Crypto Equity and Token Market Value
- Technology Sector Public Market Value



The Technology Sector Public Market Value is based on the enterprise value of companies within the NASDAQ 100, using unpublished data provided to Architect Partners. Funding and M&A activity data represent the cumulative activity for the six years prior to the early peak.

Crypto's Progress—

As framed in our original 2024 report, four foundational factors are valuable signals of innovation and maturation for emerging technologies. Each has reliable data and interacts in a reasonably predictable, albeit repeating, sequence. These are:

 **CAPITAL INVESTED**

 **NUMBER OF USERS**

 **VALUE CREATED**

 **CORPORATE STRATEGY IN ACTION
VIA MERGERS AND ACQUISITIONS**

Equivalent Phase of Life Cycle

INTERNET	CRYPTO
1994	2016
?	?
2000	2022
?	?
2003	2025

Early Peak

Today



METHODOLOGY

As a reminder, we start our journey well past the birth of the Internet and crypto, instead focusing on when each emerged into popular awareness and began to attract meaningful attention and capital - in both cases, six years preceding their early peaks. This corresponds to 1994 for the Internet and 2016 for crypto. This allows us to track the relevant data during roughly corresponding periods of their respective evolutions.

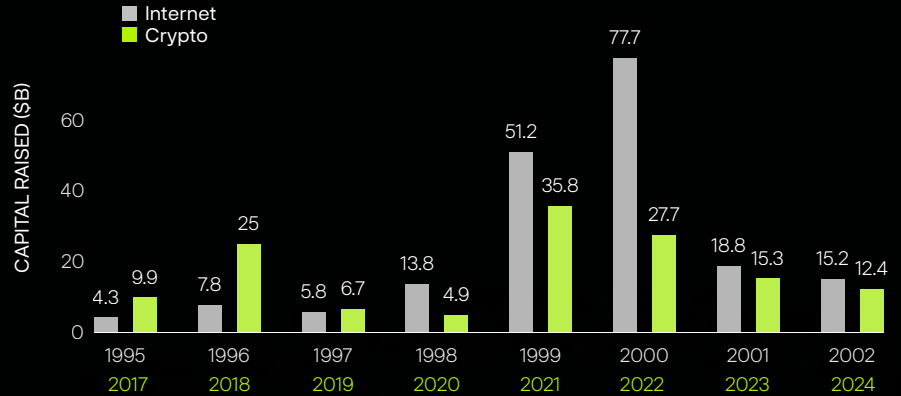
This year we have integrated new data that incorporates initial public offerings (IPOs) and the crypto innovation of initial coin offerings (ICOs). We now have a more complete picture of both venture and public investment activity across time for each industry, significantly augmenting our analysis.

The complete Architect Partners dataset can be found on pages 11 and 12.



Capital Invested.

CAPITAL IS THE NECESSARY FUEL FOR INNOVATION.



Crypto in 2024

Capital invested in 2024 declined to \$12.4B, down 19% from \$15.3B in 2023 and less than half of 2021’s peak of \$35.8B. It’s safe to say we continue to muddle through a period where the crypto industry seeks to identify viable use cases and test product/market fit to move beyond the first era of financial speculation. We call this second phase the “Making Sense of It All” stage.



Contrary to popular belief, Crypto invested capital never even got close to the Internet, reaching only 37% of the Internet at their (inflation adjusted) equivalent years of development.”

FIVE LARGEST CRYPTO FINANCINGS 2024



Avalanche
\$250M



Monad
\$225M



Farcaster
\$150M



Solaris
\$104M



Celestia
\$100M

Early Stage Rebound

The promising news is that early-stage crypto venture capital investment increased both in transaction count as well as capital invested, demonstrating some renewed enthusiasm for crypto by early-stage angels and venture capital firms. A few notable financing transactions are highlighted on the previous page.

Initial coin offerings (ICOs) are still a thing

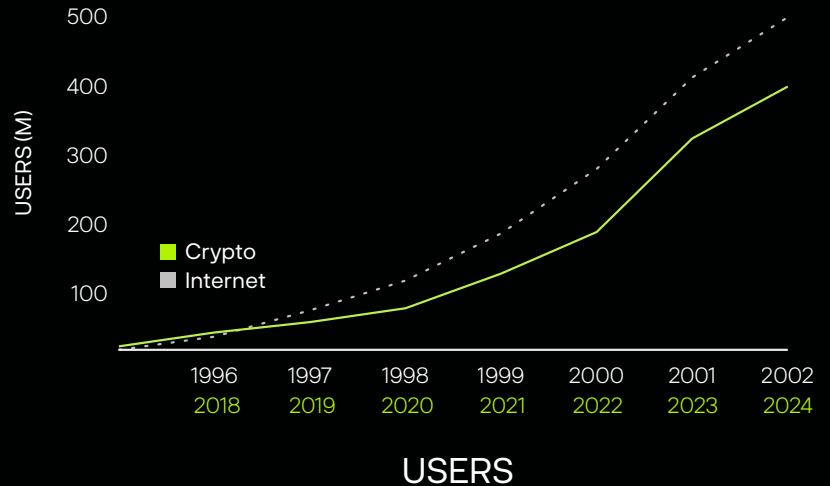
Perhaps surprising to some, initial coin offerings are decidedly “still a thing” with the meme coin phenomenon alive and well. We will refrain from commenting on the prudence and viability of the meme phenomenon but remain very intrigued with the potential of tokens as a viable and legitimate regulatory funding mechanism. Global regulation frameworks and new token structures are necessary prerequisites.

Crypto Venture Investments

	CAPITAL INVESTED (\$B)	NUMBER
2022	26.4	1,706
2023	9.2	1,158
2024	10.2	1,527



Venture-led crypto financing rebounded nicely in 2024 and is recovering far more quickly than the Internet”



Crypto users still lag Internet adoption rates

Accurately estimating number of users is frustratingly challenging, as highlighted in the [a16zcrypto report](#) published in November 2024. a16z is rightly focused on determining monthly active users (MAU), the proven gold standard for measuring customer engagement. Today they estimate between 30M-60M crypto MAU, which pales in comparison to just Facebook’s 3.1B MAU.

Our approach is to focus on the total number of users, as this represents how broadly crypto has been embraced and therefore its potential. Our historical go-to number of user estimates has been from Chainalysis. Their [latest report](#) indicates 400M total users, up 23% from 2023.

As highlighted in the chart above, crypto user numbers continue to lag the Internet at this point in their respective life cycles. What accounts for this relatively lackluster adoption?

We posit use cases. By this stage the Internet wildly outclassed crypto with web browsers, search, email, message boards, news and information, and online commerce all well established. Real-world, mundane, daily use cases used by normal, average people.

Crypto is nothing like that. Value speculation continues to be the preponderant use case. The promise of crypto and blockchain to build “useful things” beyond vehicles for speculation continues to be more promise than reality.

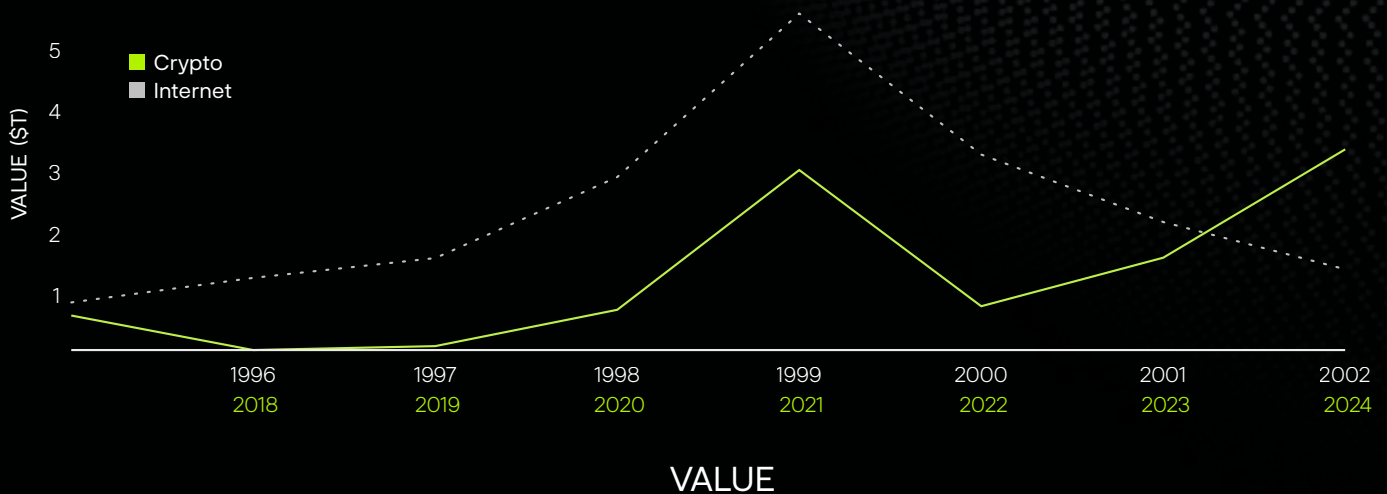


Regrettably we have not broken out of “value speculation as the use case” phase of the crypto life cycle yet, inhibiting user growth and engagement”



Value Created.

THE ACID TEST OF SUCCESS.



Crypto overtakes the Internet — decisively

Crypto’s resilience was shown in sterling fashion in 2024, far surpassing Internet value creation at equivalent stages of development. Crypto, standing at \$3.4T in total value creation at year-end, is 2.4x the Internet’s \$1.4T at the same stage. Even more impressively, crypto has rebounded back to its early 2021 peak value high in only three years. It took 17 years for the Internet to do the same.

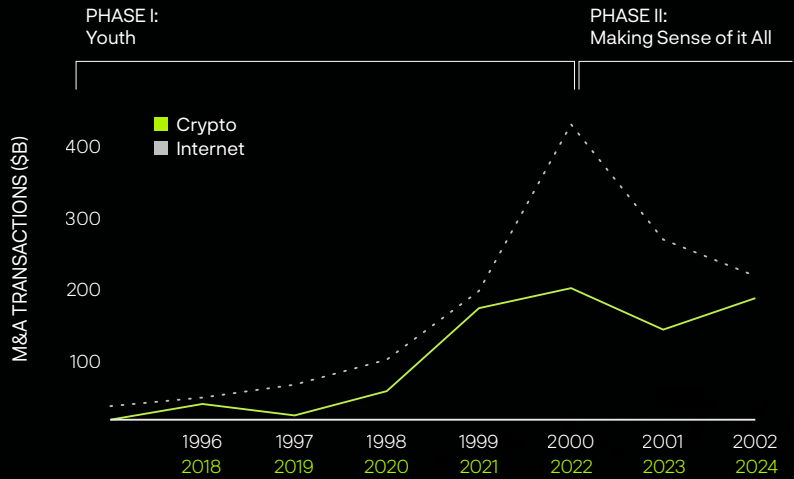


While we continue to await the proliferation of use cases like experienced by the Internet, markets are certainly painting an optimistic picture for the future.”



Mergers & Acquisitions.

TIME IS REQUIRED TO REACH A STAGE WHERE M&A BECOME A VALUABLE STRATEGIC TOOL.



Crypto M&A — Green Lights Flashing

The U.S. elections, the repeal of SAB 121, personnel changes within the Executive Branch, and a decidedly pro-crypto tone have changed everything. Corporate executives who started 2024 with caution ended the year with optimism and refreshing strategic ambition. This holds true with both crypto-native companies as well as traditional financial services. All signals point to green.

Overall we exited 2024 with a record number of announced transactions in Q4 and the full year is now spitting distance from 2022 record transaction levels. Without question, the headline transaction of the year was the acquisition of Bridge by Stripe for \$1.2B. Others are highlighted below.

TOP CRYPTO M&A



Bridge.xyz | Stripe
\$1.2B



Bitstamp | Robinhood
\$200M



Stronghold Digital | Bitfarms
\$175M



Grid | Cleantalk
\$155M

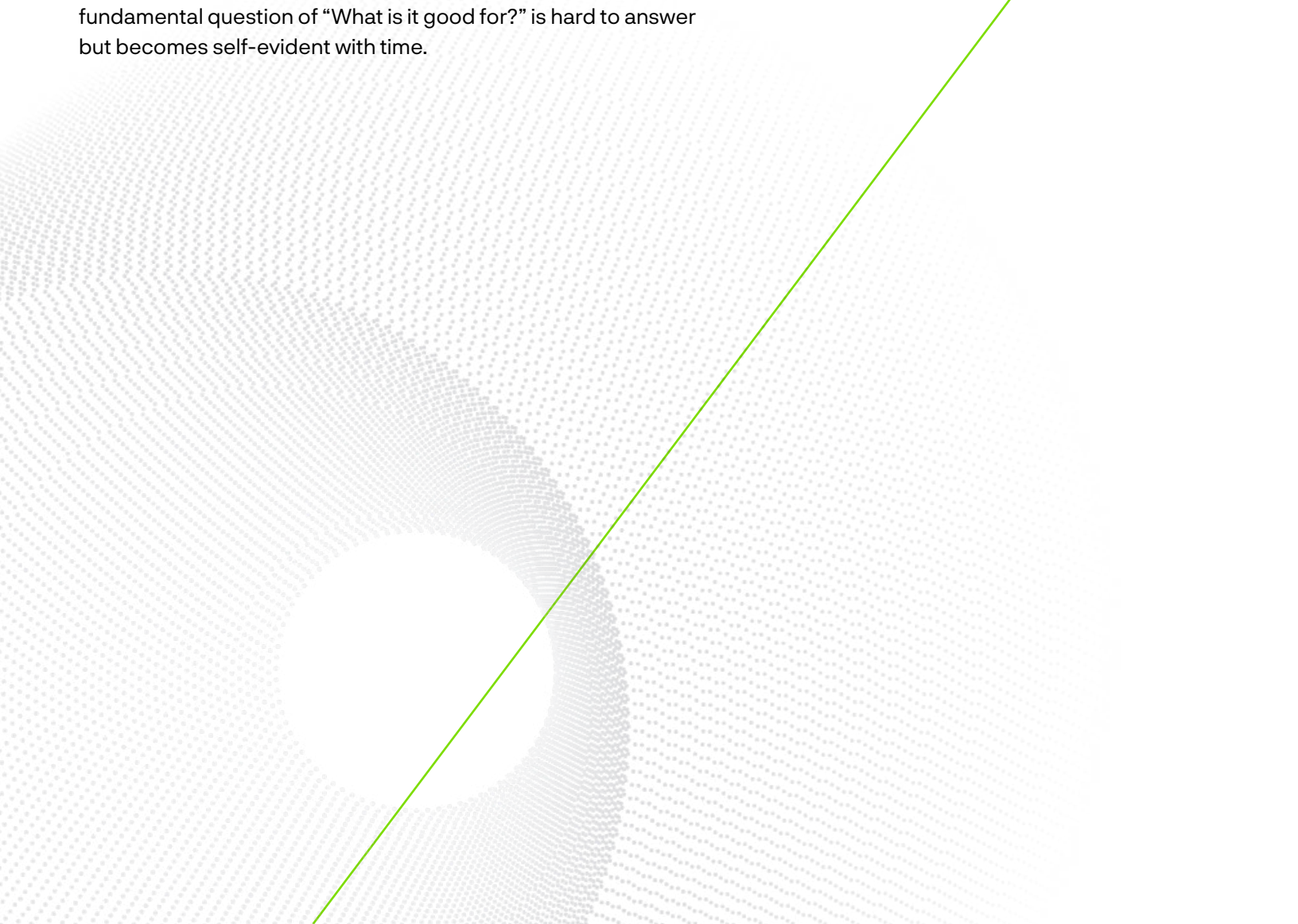


DesiWeminer | BitDeer
\$140M

Looking Forward

Today, in February 2025, crypto appears to be evolving to a new, highly encouraging phase.

While too early to declare full victory, the political and regulatory environment appears to be warming globally and more broadly accepting crypto as an important and useful innovation. This promises to accelerate proliferation and use cases in yet-to-be-understood ways. Much like the Internet in its early days, the fundamental question of “What is it good for?” is hard to answer but becomes self-evident with time.



Source Data Set

INTERNET

Time Period	Venture Investments (B)		Initial Public Offerings (B)		Follow-on Offerings & PIPEs (B)		TOTAL CAPITAL	Mergers & Acquisitions (B)		USERS (A)	MARKET VALUE (C)
	CAPITAL INVESTED	NUMBER	CAPITAL RAISED	NUMBER	CAPITAL RAISED	NUMBER		DISCLOSED VALUE	NUMBER		
1991 / 2013										3	
1992 / 2014										4	
1993 / 2015										7	
1994 / 2016										10	\$585
1995 / 2017	\$0.4	86	\$2.0	28	\$2.0	7	\$4.3	\$12.1	38	20	902
1996 / 2018	1.1	180	5.9	55	0.8	9	7.8	14.0	50	39	1302
1997 / 2019	2.1	260	2.2	36	1.5	16	5.8	24.7	68	77	1624
1998 / 2020	3.1	410	9.5	48	1.2	13	13.8	33.6	103	120	2943
1999 / 2021	16.5	902	23.9	172	10.8	41	51.2	120.9	199	188	5,605
2000 / 2022	35.4	1,643	30.4	159	12.0	61	77.7	475.5	432	281	3,309
2001 / 2023	14.8	946	2.6	19	1.3	32	18.8	161.6	271	413	2,211
2002 / 2024	9.3	943	4.1	20	1.8	53	15.2	92.3	220	500	1,442
2003 / 2025	8.1	977	7.8	26	1.2	54	17.2	36.7	259	661	2,250
2004 / 2026	10.7	1,130	13.3	52	2.0	59	25.9	49.6	359	777	2,319
2005 / 2027	14.4	1,322	8.6	63	15.1	77	38.0	128.61	430	908	2,740
2006 / 2028	14.3	1,577	8.9	57	3.0	76	26.2	210.11	542	1022	2,845
2007 / 2029	21.2	2,103	16.1	84	10.5	88	47.8	243.11	748	1148	2,895
2008 / 2030	16.2	2,425	4.2	20	7.7	70	28.1	119.28	598	1364	1,981
2009 / 2031	12.6	2,361	7.6	28	8.5	80	28.7	58.28	448	1551	3,097
2010 / 2032	17.1	3,203	10.2	63	3.7	113	31.0	99.57	589	1749	3,982
2011 / 2033	33.3	4,616	10.8	50	5.4	102	49.4	113.12	698	1986	2,681
2012 / 2034	32.4	6,579	35.2	45	15.8	90	83.4	101.8	669	2187	3,145
2013 / 2035	37.2	8,739	12.7	69	15.6	147	65.4	185.6	704	2392	4,059
2014 / 2036	67.4	11,274	43.2	109	69.5	160	180.1	220.1	919	2559	4,718
2015 / 2037	98.5	14,294	18.6	92	30.4	211	147.5	198.8	1067	2744	4,818
2016 / 2038	107.5	13,842	9.4	71	18.2	228	135.1	406.4	1064	2954	5,857
2017 / 2039	111.4	14,576	21.0	83	27.2	321	159.6	315.0	1060	3214	7,643
2018 / 2040	174.0	15,172	69.9	101	22.1	249	266.0	320.4	995	3440	7,493
2019 / 2041	170.5	16,133	42.4	106	21.3	224	234.2	526.2	936	3723	9,922
2020 / 2042	180.2	16,423	55.1	157	80.4	473	315.7	359.2	935	4119	14,418
2021 / 2043	344.7	20,026	127.1	272	69.8	563	541.6	486.0	1498	4638	19,206
2022 / 2044	196.6	17,723	22.5	105	28.5	361	247.5	431.1	1047	4907	12,599
2023 / 2045	124.7	12,195	18.0	105	19.5	367	162.1	249.4	746	5121	19,667
2024 / 2046	147.8	14,474	18.7	72	16.4	284	182.9	237.3	598	5409	28,310
First Six Years	\$58.5		\$73.9		\$28.3		\$160.7				



Source Data Set

CRYPTO / BLOCKCHAIN

Time Period	Venture Investments (B)		Initial Coin Offerings (B)		Initial Public Offerings (B)		Follow-on Offerings & PIPEs (B)		TOTAL CAPITAL	Mergers & Acquisitions (B)		USERS (A)	MARKET VALUE (C)
	CAPITAL INVESTED	NUMBER	CAPITAL RAISED	NUMBER	CAPITAL RAISED	NUMBER	CAPITAL RAISED	NUMBER		DISCLOSED VALUE	NUMBER		
1991 / 2013												6	
1992 / 2014												12	
1993 / 2015												18	
1994 / 2016												20	\$18
1995 / 2017	\$5.3	742	\$4.2	165	\$0.0	1	\$0.4	45	\$9.9	\$0.2	19	25	689
1996 / 2018	14.7	1,711	9.8	190	0.1	8	0.4	23	25.0	2.1	41	45	127
1997 / 2019	5.6	1,205	0.7	133	0.4	3	0.1	15	6.7	4.1	25	60	191
1998 / 2020	3.8	776	0.3	85	0.2	4	0.6	55	4.9	1.0	59	80	782
1999 / 2021	25.1	1,260	2.8	1,811	4.9	15	3.1	102	35.8	7.1	175	130	3,057
2000 / 2022	26.4	1,706	0.8	1,261	0.2	3	0.3	28	27.7	7.0	203	190	840
2001 / 2023	9.2	1,158	0.4	816	4.5	5	1.3	38	15.3	1.3	145	325	1,630
2002 / 2024	10.2	1,527	1.1	1,737	0.0	2	1.1	22	12.4	2.5	189	400	3,394
2003 / 2025													
—													
2024 / 2046													
First Six Years	\$80.8		\$18.6		\$5.7				\$110.0				

"(a) Source: Deutsche Bank, "The Future of Payments" for 2013-2017. Chainalysis, "The Chainalysis Guide to On-Chain User Segmentation for Crypto Exchanges". 2024 figure is from "'Growth Opportunities: Stablecoins, TradFi Engagement, and Tokenization Lead Web3's Next Wave.'" Crypto.com states that it is around 617M users, however, we chose to be conservative and chose Chainalysis. Year one for the internet is 1990 and for Bitcoin it is 2013, based on 2013 being Forbes' "Year of Bitcoin" and its full public knowledge. World Bank Internet and Population Stats.

(b) Source: Pitchbook (1995-2024) and AP Crypto Private Financings Database; Cryptocurrency NOT Oil & Gas NOT Holding Companies NOT Telecommunications.

(c) Source: NASDAQ, proprietary information, utilizing data from December 31st of each year. CoinMarketCap, data as of December 31st of each year.

(d) Source: Cryptorank.io, utilizing ICO stats dashboard."

(f) Includes De-SPACs

ABOUT

Architect Partners

Architect Partners is the leading M&A and strategic financing advisory firm serving companies on the front lines of crypto, blockchain, DeFi, fintech, and digital assets.

Architect Partners offers unparalleled senior judgment and expertise, delivering premium-value results for its clients. The Architect Partners team has completed over 350 transactions worth over \$30B in value across the globe.

Our Architect Insights commentary brings an informed perspective backed by hard-earned lessons from the early years of tech, crypto, and fintech. We don't have a content authoring department—every member of the team is responsible for analyzing key transactions and sharing our insights on industry dynamics. To date, we've published over 850 M&A Alerts and Ecosystem Insights, all openly shared on our site and via email.

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