

January 12th - January 18th
PERSPECTIVES by Eric F. Risley

Blockchain M&A is here.

Open-source, distributed blockchains with associated tokens are a novel and powerful innovation offered by our industry. This combination offers three compelling characteristics: (i) free access without a gatekeeper, (ii) a funding mechanism through selling tokens, and (iii) user financial incentives in the form of tokens. Thousands of blockchains quickly bloomed, and the battle for attention and relevance began.

That battle became a series of competing claims of success, measured by code commits, contributing developers, number of dApps, token market capitalization, token price, total value locked, token velocity, transaction volume, and other measures indicative of engagement with the blockchain or token. Many of these mirror the measure of “eyeballs” in the formative days of the internet. All have some level of validity, but are not necessarily indicative of enduring momentum or success.

Building anything requires deep alignment and coordination of efforts among a large group of people. Open-source governance, where “no one and everyone” has control, makes that challenging. Vision, strategy, and tactics become a blood sport and can inhibit rather than support success. One ramification has been the idea of inviting anyone and everyone (i.e., planting a large number of seeds) and seeing what emerges (letting the flowers bloom). Survival of the fittest, one might say.

However, history proves effective leadership matters. In our industry, the concept of a blockchain-associated corporate entity, often referred to as a “fill in the blank” Labs, helps fill the inherent leadership vacuum, with the blockchain-associated Labs dedicated to building their own commercial enterprise on their underlying blockchain. In some sense, the governance of the underlying blockchain is “led” by the Labs, not strictly, but certainly in practice.

As we have often said, M&A can be a tool to execute strategy. We are now in the early phases of M&A becoming an accepted element of “fill in the blank” Labs strategy, and therefore an element of blockchain strategy.

This week, Polygon Labs, closely associated with the Polygon blockchain, announced the acquisition of both Coinme and Sequence. Architect Partners represented Coinme in this transaction, and a detailed overview can be found in our linked [M&A Alert](#). We are in numerous discussions that suggest this type of transaction will become commonplace.

RECENT CRYPTO M&A TRANSACTIONS ([click here for full AP M&A Tracker](#))

Target	Acquirer	Transaction Summary	M&A Alert
		Transaction Value: \$250.0M (Combined Value with Sequence) Rationale: Contribute licensed payments infrastructure to its Open Money Stack layout Sector: Payments Infrastructure Target Description: U.S.-regulated crypto-as-a-service and payments infrastructure provider	●
		Transaction Value: \$250.0M (Combined Value with Coinme) Rationale: Contribute embedded wallets and orchestration to its Open Money Stack layout Sector: Payments Infrastructure Target Description: Enterprise-level wallet infrastructure and cross-chain orchestration	○
		Transaction Value: Not disclosed Rationale: To accelerate its mapping step into global stablecoin settlements and payments Sector: Payments Infrastructure Target Description: Stablecoin payments infrastructure focused on international transactions	○
		Transaction Value: Not disclosed Rationale: To strengthen its footprint and coverage capabilities in South-Central United States Sector: Payments Infrastructure Target Description: Regional Bitcoin ATM network operating in Texas and Oklahoma	○
		Transaction Value: Not disclosed Rationale: Combining Web3 NFT/gaming ecosystem to enable cross-promotion and boost growth Sector: DApp; Consumer Target Description: Crypto-native digital collectibles and gaming ecosystem provider	○
		Transaction Value: Not disclosed Rationale: To step into the self-custody business realm and scale through its growth potential Sector: Investing & Trading Infrastructure Target Description: Cold wallet and backup products provider for secure self-custody	○
		Transaction Value: Not disclosed Rationale: To be publicly listed on Nasdaq Sector: Payments Infrastructure Target Description: FDIC-insured digital bank with unification of crypto support	○

OVERALL CRYPTO M&A ACTIVITY LEVELS
