

May 25th - May 31st

PERSPECTIVES by Eric F. Risley

The missing potential.

Only two years ago, Chris Dixon published *Read Write Own*, a perfectly titled vision of the potential of blockchain technology and its associated features like tokens. The thesis is elegant and intriguing. Simply put, blockchains represent a network of dedicated computers which can be used by anyone, on demand, without permission, for nominal cost.







Chris framed this as the third generation of the Internet. First generation represented companies (think AOL, Yahoo, Google) who allowed "read" of a vast corpus of content. In the second generation, a network of users created the value ("write") by directly contributing and consuming personally created content and assets (think Facebook, eBay, GitHub, Medium, Twitter, Uber). These first two generations created trillions of dollars of equity value but zero direct financial value was shared with users.

The third generation, variously described as Distributed Applications (DApps), Web3, Blockchains, Blockchain Networks or simply Crypto, represents the promise of empowering users as owners with the economic value being shared ("own").

Our data suggests that over \$63 billion has been invested to make this third generation a reality. Yet the consumer promise, that user ownership would build more engaged communities and, in turn, more valuable platforms, has yet to produce a breakout. This week's M&A activity illustrated the gap. GAMEEE, a social Web3 gaming platform once majority owned by Animoca Brands, sold a controlling stake to Alpha Compute for up to \$11M, valuing the company at roughly \$18M. Against GAMEEE's claimed 120M+ registered users, that is about \$0.15 of company value per user, compared to roughly \$521 per user for Facebook. And what little value exists still accrued to shareholders rather than users, the very outcome the "Own" thesis set out to change.

Having personally lived through and participated professionally in the building of all three eras of the Internet, the vision remains viable but as so often, the catalyst is opaque and only obvious in retrospect. Chris's thesis is absolutely sound but remains far more hope than reality, so far...

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

Target	Acquirer	Transaction Summary	M&A Alert
 GAMEEE	 ALPHA COMPUTE	Transaction Value: Up to \$11M (2-yr performance-linked earn-out; \$18M EV) Rationale: To plug in Alpha Compute's compute stack into GAMEEE's ~120m-user gaming-centric distribution channel Sector: DApp: Consumer Target Description: Casual/social Web3 mobile gaming and digital-rewards platform	
 Pledge	 DAY ONE DREAM	Transaction Value: Not disclosed Rationale: To integrate Pledge's fandom and digital assets platform into Day One Dream's K-Pop entertainment stack Sector: DApp: Consumer Target Description: Specialized entertainment tech firm offering fandom and digital assets infrastructure	

OVERALL CRYPTO M&A ACTIVITY LEVELS

