

DANIEL GUTENBERG

Blockchain start-ups ‘not ready’ for mainstream investment

By *Matthew Allen*

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Daniel Gutenberg is General Partner of VI Partners, a Swiss venture capital firm.

(Daniel Gutenberg)

Swiss start-up investor Daniel Gutenberg, who has earned a reputation for picking the right technology companies, believes the emerging blockchain industry is several years away from attracting traditional venture capital.

In an interview with swissinfo.ch, Gutenberg said blockchain needs time to realise its undoubted potential to produce the next generation of technology giants – known as “unicorns”. At present, many start-ups are funded via crowd investing schemes known as initial coin offerings (ICOs).

The Swiss venture capitalist should know, having made his fortune from early investments in tech giants such as Facebook and Mobileye. He is also one of the founders of the [Crypto Finance Conference](#) that brings investors and start-ups together in St Moritz, California and Tokyo.

swissinfo.ch: How excited are you by blockchain start-ups as an investor?

Daniel Gutenberg: I am a traditional start-up venture capital, seed-stage investor. In 2013 I started investing in bitcoin and got interested in the space. I am now a little bit deeper in the space, but I haven't made many investments because I don't think it is yet ready for traditional investors like myself.

It needs more time. People tend to forget that the credit card took 35 years until it became widely used and useful. This whole ICO industry is only one or two years old. As long as ICOs are unable to write White Papers [technical prospectuses] that are at least as short as the nine-page Bitcoin White Paper [[that emerged in 2008](#)], I think it will be very hard for traditional investors to understand what they do. Based on that, it would also be very difficult to raise money from them.

Daniel Gutenberg

[Daniel Gutenberg](#) has built a reputation as a successful start-up investor both in Switzerland and other countries. In 2011 he was named Business Angel of the Year by the [Swiss Private Equity & Corporate Finance Association \(SECA\)](#).

In the early 1990s he founded Gutenberg Communication Systems AG, an IT distributor, which he sold to TelinDus in 2000. His most successful investments include companies such as Facebook, Mobileye, Netscape and Skril.

Gutenberg joined the Swiss venture capital group investor VI Partners in 2003 and is now General Partner. He is also president of the [Swiss Technion Society](#), which supports the Technion technology institute in Israel, and is a member of the Circle of Investors of [BrainsToVentures \(btov\)](#), a European venture capital firm.

swissinfo.ch: What investments have you made in blockchain so far?

D.G.: I am a small investor in Streamr [an open source platform that tokenises data] and Telegram [a cloud-based instant messenger service].

swissinfo.ch: Do you see many parallels with blockchain and the dotcom era?

D.G.: The blockchain start-up scene displays exactly the same mechanics as the dotcom era. Internet started in 1993/1994 with Netscape and Mosaic as internet browsers that set a standard. We are seeing the same thing here with [cryptocurrencies] bitcoin and ethereum.

There was a total craziness up to the year 2000. Then other players came in and evolved the market, with the whole cycle taking ten years. Some of the old players survived, but most died. I expect to see the same cycle with blockchain. We are now in the hype phase. Some of the companies will survive but most will die. Those that survive will do very well.

swissinfo.ch: But you believe in the technology?

D.G.: I think the whole idea of blockchain is great and is definitely here to stay. There is no doubt that the whole idea of cryptocurrencies, of securities traders on the blockchain, will be a success. It's just very difficult to evaluate which companies are going to reap success. I am getting interested and am working my way into it because I see a promising future.

swissinfo.ch: How do you judge which start-ups to invest in?

D.G.: The same three principles apply as before: team, team and team. If you have a good team, then they can make it work, even if there are problems along the way.

swissinfo.ch: What do you make of ICOs that allow amateur investors to put their money into blockchain start-ups?

D.G.: At the moment there are mainly risks associated to ICOs and very few chances of success. But the idea makes a lot of sense – you don't need banks, exchanges, regulatory paperwork and minimum investment levels to make an investment. In the future this will be done through the blockchain and tokens. But it will probably take another 10 years before it properly works.

swissinfo.ch: Will Switzerland continue to earn its nickname of 'Crypto Nation'?

D.G.: If we play our cards right we can have the same global reputation for crypto as we now have for banking. We currently have 500-600 blockchain start-ups and a lot of talented people coming in. Our main problem used to be attracting the right CEOs. But they are coming to Switzerland now so there is no reason why we should not have some interesting blockchain unicorns in the near future.

swissinfo.ch.: It is often argued that Switzerland lacks enough risk-taking spirit.

D.G.: That's the biggest hindrance. In Swiss universities, the mantra is unfortunately not about making money. This goal of universities is focused on research. There is a big gap between research and making money in Switzerland that I don't see in Silicon Valley, Israel or other places.

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