

Forum:[Hack Forums](#)

Thread: [Valuation vs Technology](#)

Omniscient - February 1, 2018, 12:53 pm

I think not enough thought is put into the technology of the blockchain vs the market cap valuations.

When you invest you don't do so because you value the value. You value the technology and how it's going to get used in the world. Unfortunately many have gotten caught up into the valuations simply as profit. No thought has been placed into how the actual technology works or how it is applied in the real world.

Utility is what will determine value. If something isn't useful to the masses then it will not be valuable.

I've stated some of these thoughts for a very long time but now is the right moment to educate a few of you about what this really means.

Bitcoin will not be the #1 crypto asset in 3 years. It might not even be a top 5. You may scoff at this and claim that Bitcoin is the founding crypto currency but ask yourself. Is Bitcoin the best technology? And if it's not then what is? And what's better?

I'll start with my all-time favorite blockchain technology. That's Ethereum. It's the innovator for Smart Contracts. It also gave birth to the entire token industry. Without Ethereum we'll still be using LTC and DASH and thinking those were great alt-coins.

Some will argue that Bitcoin now has the Lightning Network but realize that LN is not BTC only so it's not a specific benefit only to that blockchain.

Blockchain technology will be adapted across the globe in nearly every industry imaginable. I firmly believe it's going to change everything just as the internet itself has done so. But we don't use My Space, Geocities, AOL, Compuserve, HotBot, or [Netscape Navigator](#) browser. Things evolve and right now Bitcoin is the least likely technology to actually evolve.

Bitcoin will not be solving problems in the blockchain space. It's only going to be cause of problems and other chains will find solutions and implement them.

In history you can always look at great examples of new inventions being usurped by new innovation built on that invention. It's an obvious cycle.

Bitcoin could one day be worth \$100k or even \$1m. But and here is the real but...is that going to be the best earner?

Please think about the technology a lot more than just the valuation when you invest. Who is using the technology? Are other similar technologies offering more? Are those being adopted quicker? What is the status of the industry as a whole? Read more news that's unrelated to value to gain a better perspective.

Hydraxus - February 1, 2018, 12:55 pm

I agree, Bitcoin is not what it used to be. Many more cryptocurrencies have much better technology now.

We've already seen what has happened to Bitcoin once. A couple weeks ago, Bitcoin transaction fees were at \$30 USD average. AVERAGE! Meaning that if you wanted to confirm your transactions, you would at least have to wait 6 hours or so. And if you wanted to confirm it within the hour, you'd best be paying \$80 or more.

Take Cardano for example. The cryptocurrency is essentially going to be a merge of everything. And at the same time, they're trying to make it an actual type of currency. The concept behind it is amazing. Will it happen? Only time can tell. But from my understanding, it will be implementing new updates relatively soon.

To add on, just for anyone who thinks otherwise (have to take a perspective from both sides here) one can state that Bitcoin is essentially the main stakeholder in cryptocurrencies. Bitcoin goes down, you already know the rest of the cryptocurrencies will fall. Bitcoin goes up, you will know that the rest of the cryptocurrencies will most likely rise. And I agree with that perspective, but the the thing is, you have to think long term. And long term, Bitcoin is no longer a good investment. The technology is outdated, like computers. Every day, week, month, year, there will always be something new that comes out, that is better.

The reason why I talked about Cardano specifically, was because it is a cryptocurrency that I believe will rise significantly in the coming years. It's backed by a great team, owned by the co-founder of Ethereum, and overall has a great roadmap.

People originally invested in the Tesla Motor stock, not because of the price. It was because of the idea. And when people started losing hope in that idea, they were the biggest losers. Simiarly, Cardano has a great idea. Will the technology be as good as they say? No one knows. But it's that technology we want to see. And if they correctly implement everything they say, god...

And all of this is forgetting to mention the fact that Cardano was released in approximately October of 2017. I mean christ sake, look at its spot in the market cap!

More information regarding Cardano can be found here: <https://cardanoroadmap.com/>

In my opinion, all of the people that run for the coin that will raise the most based on price, will eventually get fucked in the end. Someway or another. Why? Because of GREED. The type of people you mentioned will in the end, be flushed out of their money, because they made one wrong move. Rather than being patient, and taking the proper initiative to invest.

Jumping on the bandwagon is horrible. Period.

Omniscient - February 1, 2018, 1:04 pm

Quote:just for anyone who thinks otherwise (have to take a perspective from both sides here) one can state that Bitcoin is essentially the main stakeholder in cryptocurrencies. Bitcoin goes down, you already know the rest of the cryptocurrencies will fall.

But that's the mistake to consider Bitcoin as a value marker simply because at this time in the industry that's how the market functions. That can easily change with wider adoption of Ethereum and other alt-coins. All exchanges are currently pegged BTC/ALT but if they all added ETH/ALT you'd see more interest in ETH.

The recent fee fiasco I think has put the market on notice that it's unsustainable for growth despite LN. That problem needs a solution.

And Cardano does interest me along with some other technologies in the space.

Kuso - February 1, 2018, 1:04 pm

Well, I would think that would be the case already.

I am kinda new to this myself, but if I see as a new market being formed then it can't be currency that has no backing of any kind otherwise what are you really investing into unless you are day trading.

Hydraxus - February 1, 2018, 1:10 pm

(Feb 1, 2018 02:04 PM)Omniscient Wrote: [\[CITE\]](#) But that's the mistake to consider Bitcoin as a value marker simply because at this time in the industry that's how the market functions. That can easily change with wider adoption of Ethereum and other alt-coins. All exchanges are currently pegged BTC/ALT but if they all added ETH/ALT you'd see more interest in ETH.

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And Cardano does interest me along with some other technologies in the space.
Yes, I addressed what you just said simply in my own words.

But, something I don't agree with you is the fact that they can easily change the adoption of Ethereum and other alt-coins. I'm not so sure that people will be too fond of that, assuming Bitcoin has been the value marker for so long, such a sudden change would be devastating towards the market.

Additionally, some exchanges are actually pegged ETH/ALT. I personally use Bittrex, and they allow that from my understanding.

And yeah, Cardano to the moon!

Omniscient - February 1, 2018, 1:24 pm

Quote:But, something I don't agree with you is the fact that they can easily change the adoption of Ethereum and other alt-coins. I'm not so sure that people will be too fond of that, assuming Bitcoin has been the value marker for so long, such a sudden change would be devastating towards the market.

We definitely don't agree there.

Exchanges like Poloniex already have a decent amount of ETH/ALT trade options. They just need to be expanded. Same goes with Gdax and the other exchanges. Simple add the options and let the market do the job.

Quote:I personally use Bittrex, and they allow that from my understanding.

Nope, all their exchanges are pegged to BTC/ALT.

<https://coinmarketcap.com/exchanges/bittrex/>

You can go through CMC to see what exchanges offer what options. Almost all alt-coins are traded to BTC. Just adding the option for ETH instead would create a big impact.

nethious - February 1, 2018, 1:26 pm

100% this. So many good cryptos are extremely overvalued. bitcoin works no matter what price it is.

Hydraxus - February 1, 2018, 1:28 pm

(Feb 1, 2018 02:24 PM)Omniscient Wrote: [\[CITE\]](#) We definitely don't agree there.

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I might be wrong, in that case my bad. But I've tried searching through ETH-XVG option on Bittrex a while ago, and I believe it worked. But my memory could be off. But yeah, I agree with you in the fact that exchanges need to be expanded in that aspect.

mvmt - February 1, 2018, 1:29 pm

This is exactly why I tailor my research specifically towards coins with actual utility, that should be #1 on anyone's investment checklist. I'm a firm believer that LN will kill off 90%+ of altcoins just because of the fact that these coins have no utility or their goal is to become the "cheaper and faster Bitcoin." Bitcoin will always be the highest priced coin which makes it most viable to be the main trading pair for altcoins - this is not to say that other pairs won't have large amounts of volume or that Bitcoin will always keep the #1 spot in terms of mcap.

g0han - February 1, 2018, 1:32 pm

Your favourite blockchain technology is a centralized premixed coin which has done a hardfork to reverse transactions and undo the immutability guaranteed by blockchain techs and smart contracts? ok..

Oh I forgot another thing, infinite supply!

Hydraxus - February 1, 2018, 1:39 pm

Additionally, I think it's simply out of hand that Bitcoin itself essentially is the value of the crypto currency market. I've said that already, but think about in the real world. For the most part, one thing never controls everything. Whether it be the stock market, or just specific businesses in general. But in our case at the moment, Bitcoin controls the market

Let's be honest. But what do you propose to fix this issue? Because like I said, it will be devastating towards the market if another crypto currency just simply takes over its place.

Omniscient - February 1, 2018, 1:54 pm

(Feb 1, 2018 02:32 PM)Shuriken Social Wrote: [\[CITE\]](#) Your favourite blockchain technology is a centralized premixed coin which has done a hardfork to reverse transactions and undo the immutability guaranteed by blockchain techs and smart contracts? ok..

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So what?

You sound like you're in 2013 again.

Centralized? Explain please.

Premixed...? So what? Who gives a fuck anymore about premixed coins?

The hardfork I was against but it happened and it went well. The ETC fork still exists and even has value.

You should remember that Ethereum is actually still in beta and the development is absolutely centralized. I view these as positives to the technology. Bitcoin does not have centralized development and it's a weakness.

Hydraxus - February 1, 2018, 1:57 pm

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You should remember that Ethereum is actually still in beta and the development is absolutely centralized. I view these as positives to the technology. Bitcoin does not have centralized development and it's a weakness.

I'm still a bit iffy about Ethereum. What are your specific reason for your favorite crypto being Ethereum? I agree with the hard work and such, but I've honestly never had too much money invested into Ethereum.

g0han - February 1, 2018, 2:10 pm

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Yeah, not much has changed with my crypto ideologies since 2013. We have new coins, and obviously a huge marketcap since, but some of the core beliefs I still hold.

Centralized:

- Look at VBs input to the fork, was this a fair level of contribution?
- <https://github.com/ethereum/wiki/wiki/Bad-Chain-Canary>, so who determines which chains are bad and shouldnt be mined? (Historical, but still not a good history)
- Eth foundation and 70% premine
- + Many more

Who cares about premine? See above, a single entity controlling a large portion of supply is just plain bad.

Omniscient - February 1, 2018, 2:47 pm

Quote:What are your specific reason for your favorite crypto being Ethereum?

1. Strong and active development team.
2. Innovative technology.
3. #2 market cap showing strong adoption
4. Second most widely used crypto
5. Consistently better returns than BTC

On point #5....if you had invested in ETH instead of BTC you'd be doing very well right now. ETH high is \$1300 and is now at \$1025. While BTC high is \$19k+ and it is \$9k now. Each year ETH outperforms BTC for growth, adoption, and market cap increase. And it's only 3 years old. I been telling people to get ETH since it was \$10.

Fun read: <https://hackforums.net/showthread.php?tid=5317930>

Quote:Who cares about premine? See above, a single entity controlling a large portion of supply is just plain bad.

It's just plain silly what you're saying as you've not explained why it's "plain bad". I assume you're under the belief they can flood the market at any time and you feel that's a real threat. Suppose that's true and it could happen but then again, most likely it won't ever happen.

You paranoid beliefs about Ethereum don't face market facts.

Hydraxus - February 1, 2018, 2:49 pm

(Feb 1, 2018 03:47 PM)Omniscient Wrote: [\[CITE\]](#) 1. Strong and active development team.

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Might actually drop some good money on Ethereum. Not specifically because your post, but I've been looking at it closely for a bit. Was mainly playing with smaller valued crypto at the moment, but Ethereum seems to be doing good like you said.

g0han - February 1, 2018, 3:03 pm

(Feb 1, 2018 03:47 PM)Omniscient Wrote: [\[CITE\]](#) You paranoid beliefs about Ethereum don't face market facts.

I wouldn't call it paranoid belief, its just putting " thought into the technology of the blockchain".

Also these were the four addresses:

<https://github.com/ethereum/libethereum/blob/3bddce831c7f3e8e7f38a3b9b5df8ea0ced324fb/libethash/Ethash.cpp#L279> able to determine "bad" blocks, quite a large amount of control for four people! Not paranoia, awareness.

Nevertheless, this is crypto, the price is not driven purely by idealistic views and well thought out tech. ~30% of my portfolio is ETH, and I do see the price of ETH increasing over the coming year - I'm just aware of the downfalls.

Omniscient - February 1, 2018, 3:38 pm

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What are you saying those canary addresses were used for? Or a better question...how do you think those can be abused? Seems to make sense there is a method to determine bad blocks when you're in a beta.

Also...

<https://www.ethereum.org/ether>

Quote:Is the ether supply infinite?

No. According to the terms agreed by all parties on the 2014 presale, issuance of ether is capped at 18 million ether per year (this number equals 25% of the initial supply). This means that while the absolute issuance is fixed, the relative inflation is decreased every year. In theory, if this issuance was kept indefinitely then at some point the rate of new tokens created every year would reach the average amount lost yearly (by misuse, accidental key lost, the death of holders etc) and there would reach an equilibrium.

But the rate is not expected to be kept: sometime in 2018-2019 Ethereum will be switched from Proof of Work to a new consensus algorithm under development, called Casper that is expected to be more efficient and require less mining subsidy. The exact method of issuance and which function it will serve is an area of active research, but what can be guaranteed now is that (1) the current maximum is considered a ceiling and the new issuance under casper will not exceed it (and is expected to be much less) and (2) whatever method is ultimately picked to issue, it will be a decentralized smart contract that will not give preferential treatment to any particular group of people and whose purpose is to benefit the overall health and security of the network.

And basically going back 1-2 years you'll see continued development on Ethereum that is actually accomplished. It's active development and they aren't distracted by their success. If anything it's inspiring them. They have a very strong roadmap and they are sticking to it.

g0han - February 1, 2018, 3:59 pm

(Feb 1, 2018 04:38 PM)Omniscient Wrote: [\[CITE\]](#) What are you saying those canary addresses were used for? Or a better question...how do you think those can be abused? Seems to make sense there is a method to determine bad blocks when you're in a beta.

The ability for a central party to be able to determine what is "bad" in a supposedly decentralized network is a huge issue, because how is "bad" determined? as I mentioned this existed pre 2016 but has since been removed after much controversy.

Another point: <https://twitter.com/VitalikButerin/status/871263595593572353>, Hey thats nice so VB can just delete someone's deposits? What a decentralized currency

Honestly, I think this twitter feed is a great (albeit informal) read to some of the issues ive mentioned here, with fluffypony making some great points. It also touches on the supposed limits

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My concern here is how loose they always are when discussing these limits, and until Casper is implemented, this issuance limit is not determined. 18million a year is not a small amount, and as mentioned trying to determine how much to issue each year, and what purpose this serves is still in research - i.e. they currently have no idea.

Cubs - February 1, 2018, 6:59 pm

I couldn't agree more with this, Bitcoin is absolutely garbage and I haven't come across a coin that I truly value except Ripple and ETH. The evaluations are off on all crypto currencies.

Yin Yang - February 1, 2018, 8:08 pm

What are your thoughts on stellar lumens? I like ETH and agree with you- just want your thoughts on the stellar project

The Godfather - February 1, 2018, 8:11 pm

ARK will be one of the big players this year and next.

glitchgxd - February 1, 2018, 10:15 pm

You think BTC has the potential to reach 1-2% of the Global Market Cap? I agree with the rest though, I think long-term there are much better alternatives being introduced, with much better technology. ETH is incredible, but imagine what might usurp that even in just the next two years alone as things progress. Technology tends to grow exponentially, and blockchain is hitting that curve hard now. Big things to come.