
Episode 201: Ken Brook (MetaX), Nash Foster (Pyrofex), and Tijana Damjanovic Gertner (Anchor) on Achieving Mass Adoption

Kelley: Welcome to Crypto Token Talk, a crypto 101 podcast exploring how blockchain technology applications like bitcoin, ethereum, and other crypto assets could change the world. Learn from blockchain experts, thought leaders and founders of some of the most innovative companies and world changing ideas of our time. I'm your host Kelley Weaver, CEO of Melrose PR, a leading blockchain communications agency. Thanks for joining us today.

Kelley: Hi there and welcome back to Crypto Token Talk. This is the first episode of Season two. We are in a brutal bear market at the moment, but this latest episode was recently recorded at the Crypto Invest Summit in Los Angeles, California, where I was encouraged to find that the builders are still building and blockchain is truly here to stay. I want to give a shout out to Alon Goren and Josef Holm who are the core organizers of the Crypto Invest Summit for putting on an excellent topnotch event. Truly remarkable, the quality of speakers, panelists and sponsors that they put together in the room. Really looking forward to future events with them. This is the fourth one that we've been involved with. Well done to you, Alon and Josef, thank you. Thanks for tuning into Crypto Token Talk. We have an exciting lineup of guests to come this season and we hope that you'll all subscribe so that you can get the latest episodes from us in real time. Enjoy. Good morning. Welcome to CIS LA. I'm here. I'm Kelly Weaver. I'm the host of Crypto Token Talk, the podcast. I'm also the founder and CEO of Melrose PR. We are an LA based blockchain focused PR and communications agency. Full disclosure, we have relationships with all three of the panelists here on stage, but I'm very proud to be on stage with these folks and I want to go down the line and introduce our panelists. We have Tijana, Nash and Ken and I'll let them introduce themselves and tell us a little bit about their backgrounds.

Tijana Gertner: Hi everyone. My name is Tijana Damjanovic Gertner. I'm the chief marketing officer of Anchor, a new algorithm of Stablecoin, the true token system that's actually pegged to the real growth on the global economy.

Nash Foster: I'm Nash Foster, I'm the CEO of CDelta. We're a new blockchain that's targeting 50,000 transactions a second with under two minute finalization times so that we can drive true mass adoption of blockchain and Cryptocurrency at the retail point of sale.

Ken Brook: My name is Ken Brook, I'm the founder and CEO of a company called MetaX. We're a blockchain technology company based in Santa Monica. We're currently building an open platform called ad chain for digital advertising where we're looking to bring transparency and accountability to online marketing and digital advertising.

Kelley: Awesome. Thanks you guys. I really wanted to focus this discussion around massive, how are we gonna get to mass adoption of block chain technology and also what are the best use cases to get us there? I guess my question for all three of you and I'd love to each answer individually is, what are some of the best use cases that you think of blockchain? Feel free to plug what, how you're applying this technology in your own projects and that you're currently working on.

CRYPTO TOKEN

TALK

Tijana Gertner: In Anchor's case, it's the stable store of value because right now we have numerous cryptocurrencies and a very volatile crypto market. Even more importantly we have volatile Stablecoins. Claiming to achieve stability and not achieving it is a massive problem for people holding those cryptos. What we're trying to do is bring stability to the system through pegging ourselves to the value on the global economy through having a true token system that's being stabilized based on the simplest of law of the market, the law of supply and demand. Hence, bringing that stability that's really necessary and that's able to store of value that won't shift whenever there is a pump and dump for a black swan event.

Kelley: If I get paid in crypto, I know for sure that that value is going to be the same as when you paid me.

Tijana Gertner: If you get paid in Anchors, yes.

Kelley: Awesome. Nash?

Nash Foster: I think that we're entering a time when everybody is going to do financial transactions on their smartphone. That, I mean, if you hang around with college students today, right? They're like their entire life is right on their phone and for them the idea of using cash or even traditional payment cards is starting to become, why would I do that? Cryptocurrency is just better than all of the traditional approaches that we have. In 15 or 20 years people are going to look back and they're going to be like, "Hey, you remember when I used to have a wallet respect full of credit cards?" Those days are rapidly coming to an end and I think it's going to be replaced with a more secure technology like Cryptocurrency.

Kelley: Awesome.

Ken Brook: I think, for mass adoption we need to see the continuous development of the infrastructure, so there's an ongoing effort for education. There needs to be improved UI/ UX for using crypto and blockchain technologies. We saw what happened when you had individual and personal speculation with the rise of the value of cryptocurrencies and bitcoin. That drew a lot of interest. Also, I think there needs to be more education and we're now seeing institutional money on the sideline looking to get in, but they're still feeling it out. Now we're approaching a time where we're going to see what it looks like when institutional money gets into the game, not just personal speculation. Where I see the most, I guess ideal use case for a blockchain is when you have disparate stakeholders and either a network, a vertical or like an industry or a supply chain that do not have the incentive to work together.

Ken Brook: You can introduce a blockchain based system that aligns the incentives of those disparate stakeholders within that supply chain or vertical or network and provide an incentive to more efficiently work together and coordinate. We're starting to see just more efficiencies all around in addition to value creation. I think those two things are the most ideal use cases.

Kelley: Yes. Nash, we see things like Venmo being used all the time, centralized solutions for use cases that you were talking about, day to day transactions. What's it gonna take to get crypto used in those circumstances?

CRYPTO TOKEN

TALK

Nash Foster: Yeah, well obviously, I think what you said was right on, right? We need other applications with better user interfaces that are straight forward for end users to get onto their devices and to begin using technologies like Venmo, leverage the traditional financial network, but they have social features that allow people to drive their friends to use it. Right. We're going to start to see blockchain and crypto currency applications that do similar type of thing, where maybe you buy dinner and I would go to, we go to split the check, but instead of paying you with Venmo, I'll just pay you with my crypto app. We need those projects to come along, we need that software to get developed. We're not really there yet as of today for the wallets to be as easy to use and as pervasive as they need to be but I think it's coming, I mean it's.

Nash Foster: In 1994 when Amazon was founded, bookstores were like anchor stores in malls and now they're just gone. Right? It takes 20 years for these kinds of changes to get rolled out for the disruption to really take hold and for the market to change.

Nash Foster: We're only 10 years into the crypto revolution, and so I think we can anticipate over the next decade or so that we're going to start to see the applications and the infrastructure and we're going to start to see blockchains that can handle the transaction volume at a reasonable end user latency. Once those technologies come out and get launched and start to drive adoption, then I think it's just going to snowball very rapidly.

Kelley: Ken, you mentioned blockchain is a great use case when there's different stakeholders who all have different objectives and things like that. Can you talk specifically to the ad tech use case because I think it's a really good example of that?

Ken Brook: Sure. In advertising there's misaligned incentives and you have centralized data platforms like Facebook, Google, Amazon that don't have the incentive to share their data. However, recently they're facing pressure from both the government and their users to be more transparent about what's going on with consumer data. With these new data privacy laws that are emerging and with consumer and user demands, these centralized companies are really looking at how to address these issues. We see companies like Facebook exploring blockchain technologies on not only how to potentially curate their network, which is a network of user generated content where you have issues of questionable content being published on live video feeds, questionable posts, what is hate speech, what are all of these things that are easily, I guess by Facebook defendable where it's all the way the first amendment where you have the question or plausible deniability or all of these things, like whose liability is it?

Ken Brook: Looking at how we can introduce new types of maybe protocols that these centralized systems can follow that give the end user the control over their data where it's their first party data they control and they give permission to these platforms to use this data. How the user decides they want their data to be shared and distributed and monetized. We're looking at all sides of the advertising marketplace and looking at how we can build out this ad chain platform to make it efficient for all sides of the market.

Kelley: Yes, it's a really interesting use case. Tijana, talking about Stablecoins, there's as I understand it three different types of Stablecoins. Can you explain the pros and cons of each?

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TALK

Tijana Gertner: We have Stablecoins that are based on [inaudible 00:10:11] currencies such as the US dollar, such as Yen or Euro, but they lack scalability, a lot of it. We have algorithm based such as Anchor that they usually have a problem with their peg value, with how they're going to express it, sorry. As well as a problem with the actual transparency of the system. We also have cryptocurrencies that are pegged to things like oil or gas or silver or gold. Again, a problem with scalability exists there. You have to, when it comes to cryptocurrencies, one of the reasons because I see it that way is because we are pegged on algorithm, but the future of Stablecoins lies there.

Tijana Gertner: You need to create an algorithm that can express the stable index of value that won't shift every time there is any market volatility, or a small event that does actually shakes the market, that changes the demand or other conditions. When it comes to Stablecoins and when it comes to their pluses and minuses, the biggest finest right now isn't what they're being pegged to or the type of the Stablecoin, is actually the lack of transparency, of liquidity and the lack of trust because we've seen the biggest market players being pegged to the USD. That's although stable, not the most stable currency in the world and it can't guarantee that it will remain where it is, and it does lose purchasing power on a yearly basis. It losses about 2.5 of it, which you shouldn't be in risk of when you're using a Stablecoin that's using an algorithm to create a stable index.

Kelley: Nash, crypto exists at a unique intersection between computer science and Economics. I know your team is full of mathematicians, and it seems like there are limited number of real experts, what can be done to create a better understanding of the potential for end users?

Nash Foster: Yes. Our experience with crypto has been that a lot of the projects are very ad hoc, right? I think it's traditional, it goes all the way back to Satoshi, right? Where I think everybody believes that he was a fairly well known photographer, but then the network was obviously built in a very decentralized way without necessarily having people with tons of experience in either network engineering or economics or what have you.

Nash Foster: We have tried with our CDelta project for example, we've tried really hard to bring in the expertise that's needed in order to create a platform that can appeal realistically to end users, to merchants and can be usable at scale. I think that's one of the things that sets us apart from other projects is, we're trying to be fairly realistic about monetary policy, and the role of governance organizations, it's essentially fulfilling the kind of central banking function for Cryptocurrency.

Nash Foster: The role of stable point project is very important I think in terms of helping to create markets that people can get into and move out of. As you know, projects like ours and others mature I think we're going to see more and more people with a variety of different backgrounds getting interested and getting involved.

Kelley: For sure. Ken, there's a lot of projects that may be dabbling with blockchain technology, and it may not be the best solution. When do you actually need blockchain versus not? I know you've seen this in your own business in some things you do using blockchain and others you don't.

CRYPTO TOKEN

TALK

Ken Brook: Sure. It makes sense to explore, maybe introducing a blockchain into your business model. If again, you work with different parties that have misaligned incentives where you can introduce a new incentive for them to inter-operate together and to actually coordinate and work together more efficiently.

Ken Brook: Going back to the previous question, the novelty of blockchain is really just the combination of existing fields of expertise, mathematics, cryptography, legal governance and policy and of course code. What's fascinating about it is it's a combination of all of those things where when you're executing code, if there's a function that's executed it's not just binary ones and zeros, it's actually doing something that impacts all of those different fields of expertise where you have to win design a crypto economic system. You have to think about, okay, at a global scale, what is this going to do? If there's a currency involved or digital assets involved, you have to go into it with security in mind, you have to go into it with almost the gamification of the system. Can it be gamed? There's tokenomics, so there's these new primitives that are introduced into regular architecting software.

Ken Brook: I think that's what's really appealing about the ability to build something that changes, it changes the paradigm for many industries and I think it's going to touch on everything. That's what attracts a lot of people. That's why a lot of people come to these events because they're really curious about, okay, what is this and how is it going to impact me? Or how can I be involved in this new way of thinking, this new way of designing systems, this new way of economics?

Ken Brook: For our industry, we're looking at how can we bring users, advertisers and content creators and publishers together and how can we have them utilize something that is fair, where users control their data, but yet they still have access to the free content of the Internet? And how can advertisers continue to fund the free internet without being defrauded? And how can you have a thriving ecosystem of independent companies or groups that can survive outside the duopoly of Facebook and Google? How do we create content and distribute content without it being manipulated or without having misaligned incentives or without having people understand what's going on? Blockchain is a serious technology that could be a potential solution to a lot of the issues that we face as an advertising startup.

Kelley: It's interesting in advertising because some of these stakeholders don't actually want the transparency of the blockchain might provide, right?

Ken Brook: I mean, arguably, the same thing and finance where you have all the middle men, there's the middle market, funds or lenders and all of a sudden with this new economic primitive, they're obsolete or they see this is a more efficient system.

Ken Brook: In many ways I feel like we're building out parallel universes. Like we're building out a parallel system that proves that it's more efficient than the legacy system and only until the legacy systems realize that this is in fact a more efficient way, will they start to jump ship or start to accept their fate and either innovate on their own selves or just go away quietly or jump into this new world of crypto. We're building out a parallel way to do online advertising and we're proving out the value through just case studies and just continuous education.

Ken Brook: Our industry is entrenched or you have the holding companies of the advertising agencies that dictate what, how the money is being spent, so they influence the rest of the industry. They make

CRYPTO TOKEN

TALK

money by obscuring what's going on. There's margin and mystery and so they don't necessarily like the idea of full transparency, they don't necessarily like the idea of direct payments to publishers where they have a stake in all the vendors in between. They own the middleman that they pay so they get a cut, and it's interesting. It's still an ongoing experiment really but we're proving now that this new infrastructure, this parallel way of doing it is working and it is more efficient than many of the legacy systems that continue to drive the industry.

Kelley: Ken mentioned some of the challenges of showing a new way of doing things. What are some of the biggest challenges that you think blockchain projects are facing today or what are some of the hurdles that you've had to overcome in your own project?

Tijana Gertner: When it comes to Stablecoins, one of the biggest problems is the actual regulation because most countries still claim that all Stablecoins are securities and it's not just in the U.S. it's in many countries of the world. What I see as the solution to that problem is actually using blockchain experts to working with the blockchain industry to create new laws, new regulations so that the system can accept what we're doing. I mean, blockchain isn't new anymore but it's still isn't regulated properly and more countries realize that they need to work with the people who are actually in the industry in order to bring proper just regulations.

Tijana Gertner: The faster it's going to go, the faster the adoption is going to go because it will bring you more trust into the system. Because people who are purchasing crypto now are still the early adopters. We need the crowds. We need people to understand crypto, and for that to happen we need to be regulated entity simple. We can't say that we have this super complex system that just we can understand and expect people to use it on an everyday basis. That's just not going to happen, so we have to do, to work a bit on education as well.

Kelley: For sure. Awesome. Nash.

Nash Foster: All the challenges from blockchain projects?

Kelley: Yeah. Again, what are the challenges that you've heard of?

Nash Foster: What are the biggest challenge, sorry.

Kelley: You personally, what have you had to overcome as well?

Nash Foster: Well, for us one of the biggest problems just as an organization is actually hiring. Finding great people, bringing them into your organization is one of the things that we spend the most time on. We've got a lot of internal process for doing that, but I think in general, it's a big challenge to find people who they understand protocols, they understand how networks work, they also understanding crypto and enough math and economics to be useful on these projects. It's pretty nontrivial.

Nash Foster: I think another area where blockchain projects really struggle is the systems in the work integration side. Most blockchain projects take a very ad hoc approach to this where there are, if we write a piece of software and put it out there, then people will run it on their machines, and it's going to

CRYPTO TOKEN

TALK

be good enough. The reality is that if we want to compete against networks at global scale, the Swift guys for international transfers, payment that works in other countries, these guys have large stacks of machines, and tier one and tier two data centers all across the world. We're not gonna, blockchain is not going to get there by beaten PCs running in some guys garage at the end of his DSL line. Right?

Nash Foster: Figuring out how to maintain decentralization and at the same time build the physical infrastructure that's necessary to actually process the world's payments, I think that's the biggest challenge right now just in terms of making it usable for real use cases at the point of sale for retailers, for payroll is a huge thing where blockchain would be excellent for that but the reality is that you couldn't do payroll.

Nash Foster: On the current blockchain there's just not enough transaction volume available. Either you get ADP wants to adopt it. Sorry, like we don't have the transactions for you. I think that's probably the biggest challenge that's out there today.

Kelley: How far into the future do you think it will be, where we'll see real world solutions that are easy to use and available like payroll services?

Nash Foster: Well, I think generally in the software industry my experience has been that new solutions make about 10 years to really fully develop and become fully adoptable in the mass market. Right? If you look at, if you could go all the way back to the original spreadsheets that came out when PCs were first introduced, it took 10 years for accountants to figure out how to actually use the spreadsheet but after 10 years every single accounting firm had a PC with the spreadsheet on it running Lotus one, two, three or whatever it was.

Nash Foster: I think for crypto, that's where we are today. This is, we're a couple of years in, I think we've got about a decade left. Projects that are coming out now are going to eventually become adoptable by the mass market, but it takes about 10 years for all that stuff to flush out, for the different relationships and the sales partnerships and marketing your branding and all that stuff to take effect and for end users to become sufficiently aware of that they actually buy into it.

Kelley: All right. Ken, any closing thoughts on mass adoption?

Ken Brook: I think we still need to reduce the friction for people and companies and industries to interact with blockchains. Again, that's going to be in the form of second layer solutions, better UI/UX, maybe handling more of the burden of managing a wallet or there's just a lot that you have to go through to even begin to use decentralized applications. We've seen that in the form of lack of adoption where there's been significant development and it's all been done in a way that will benefit the industry overall. We'll start to see what works, what doesn't work. We'll continue to see more infrastructure, more efficiencies in the second layer to help onboard users.

Ken Brook: I really feel like we're still probably two to three years out from user adoption and then maybe three to five years out from any significant level of adoption. I think we'll all agreed that it's going to happen. It's just when and how. We're all here and excited, so I think my closing remarks is we'll just keep going and keep building.

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