CASE STUDY

Algorand
Next-Generation Blockchain Technology

We were pleased to include **Algorand** in the Alumni Ventures Portfolio, investing in July 2018. This deal was previously in Blockchain Fund 1[1], offering an example of the kind of investment we might add to the fund this year.

ABOUT ALGORAND

Algorand is the creator of the world's first foundational block-chain designed for the future of finance. The company develops next-gen blockchain tech centered around a more scalable, efficient, and faster consensus protocol based on Proof of Stake.

BLOCKCHAIN FIT

Algorand exemplifies the kind of deal that might be added to the Blockchain Fund as the company is addressing many pain points in the blockchain ecosystem. Some of the reasons we liked Alogrand:

- **Improved Speed and Scalability:** Algorand is tackling several hard-to-solve challenges that slow down the adoption of blockchain or decentralized ledger technologies — specifically, transaction

FOUNDER INSPIRATION

Algorand was co-founded by Turing award winner and MIT professor Silvio Micali in 2017. Being a cryptocurrency expert since the 1980s, Silvio started researching blockchain technology when he came across Bitcoin in 2015.

As the co-inventor of many cryptographic technologies currently at the heart of modern blockchain projects, Silvio noticed many drawbacks while researching blockchain—with three key problems facing being security, scalability, and decentralization. He launched Algorand to deliver better solutions. The company now boasts an experienced team of researchers, mathematicians, cryptographers, and economists who globally spread effective blockchain technology.

[1] This fund is no longer managed by Alumni Ventures Group.

speeds and scalability. The company demonstrated significant improvement in the test environment, creating multiple markets and use cases (e.g., payments and IoT solutions) where its technology will offer substantial value.

- **Cost Efficiency and Enhanced Security:** Algorand's competitive edge lies in significant technological improvement to the current state of blockchain technologies. When tested for scalability and resiliency against attacks, the preliminary results were promising, with transaction speeds 125 faster than those of Bitcoin and no penalty on latency when simulated for 500,000 users.

  These tests also prove that Algorand can scale to billions of users better than most platforms and offer a secure and censorship-resistant system, while also maintaining low transaction costs.

- **Serving Multiple Industries:** Algorand provides a fair and democratic system for anyone to participate in the crypto economy. The company's technology currently serves over 500 global organizations in technology, finance, and more.

CO-INVESTORS

Algorand raised a $4 million Seed round in 2018 led by Pillar Companies and Union Square Ventures.

Alumni Ventures' Blockchain Fund 1[2] deployed capital in Algorand's Series A, along with Alumni Funds Castor Ventures (for MIT alumni and friends of the community) and Strawberry Creek Ventures (for UC Berkeley alumni and friends of the community). Other round participants included established VC investors Union Square Ventures, Pillar, Foundation Capital, Wing VC, etc.[3]