



Lowenstein's Tech Group Podcast: Crypto Innovators

Episode 6 - Immutable Holdings: The Preeminent Blockchain Conglomerate

By [Eric Swartz](#), [Leah Satlin](#), Don Thibeau

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- Kevin Iredell:** Welcome to the Lowenstein Sandler podcast series. I'm Kevin Iredell, Chief Marketing Officer at Lowenstein Sandler. Before we begin, please take a moment to subscribe to our podcast series at [lowenstein.com/podcasts](#). Or find us on iTunes, Spotify, Pandora, Google podcast, and SoundCloud. Now let's take a listen.
- Eric Swartz:** Welcome to the Crypto Innovators podcast presented by Lowenstein Sandler's Crypto Practice. I'm your host, Eric Swartz, senior counsel and vice chair of Lowenstein Crypto. We're speaking with the most innovative founders and operators in Web3, to shine light on the technologies that fascinate us all. I'd like to introduce you to your other host, Leah Satlin.
- Leah Satlin:** Hi everyone. I'm Leah Satlin, Tech Group Counsel and I specialize in IP and Commercial Contracts at the firm.
- Eric Swartz:** Today, we welcome Don Thibeau, Chief Product Officer at Immutable Holdings.
- Leah Satlin:** Hi, Don.
- Don Thibeau:** Hey, thanks so much for having me. Really excited to talk with you guys today.
- Leah Satlin:** We're so happy to have you. We want to start with some stuff, a little high level and then we'll get into the nitty gritty. So, if you could tell us, and our listeners a little bit about Immutable Holdings, also about Jordan Fried's mission to create a preeminent blockchain conglomerate and how you're doing that. That would be great.
- Don Thibeau:** Absolutely. Well, thanks again for hosting me. As Eric mentioned, I'm the chief product officer for Immutable Holdings. Our goal is really to build blockchain businesses which increase awareness, adoption, and access of digital currency and cryptocurrency technologies. We as a team have seen the number of innovations and industries that can be disrupted from this technology, and we want Immutable Holdings to really serve as an accelerator or launchpad for the formation of these businesses.

So, we do things like operate crypto wallets, which help to access leading distributed ledger technologies like Hedera. We have an asset management

business which helps to enable investment opportunities into the space. And of course, as we'll talk about today, we've got our business up called NFT.com, centered on supporting adoption of NFTs at a new level. So, that's just a bit about our mission and some of the businesses that we're really focused on for achieving that mission.

Jordan and I have been lucky enough to have worked together for years. We started together while at Hedera, he was one of the first investors. I served as the director of product to help launch the network. And through that experience, we really saw the opportunity for everything from individual retail consumers who wanted to leverage this technology for again, buying a new digital collectible, all the way to the world's largest organizations that we worked with like Google, IBM, LG, and Boeing, to leverage it for everything from supply chain transparency to new financial assets. I think that's what really motivated us and motivated Jordan in particular, to really start to build an entity which could capture that broad spectrum of opportunities. And that's what he set out to do with Immutable Holdings.

Leah Satlin: Awesome. Before Hedera, you were at IBM, correct?

Don Thibeau: Mm-hmm, I was indeed, yeah.

Leah Satlin: So, tell us a little bit about your journey for Hedera and whether if you worked on any validator initiatives at IBM.

Don Thibeau: Yeah, I have been lucky enough to spend my whole career in the crypto and blockchain space, starting with IBM, and at the time, what we were doing was similarly cost casting that wide net to say, "How is this technology, blockchain and distributed ledger, technology going to impact all of these different industries?" So we worked with banks, with governments, with insurance companies, you name it, to explore how they could benefit from transparency, data sharing and efficiency, all enabled by blockchain technology. My primary focus was an open source project called Hyperledger Fabric, which helped to build permissioned networks for those different use cases, and of course, also our product at the time, the IBM blockchain platform, which helped to make that available as a service.

Now, we obviously started focused on the enterprise space from a software perspective, but very quickly saw the rise of public cryptocurrency networks like Ethereum and others, as a transformative piece or part of the industry that enterprises would inevitably start to work with. So, we were exploring at IBM, different opportunities for integrating with and supporting those public networks, but I didn't yet really start the conversation until I joined Hedera, of IBM actually joining the Hedera governing council and becoming a validator on that network.

That being said, when I joined, we made that pitch back to IBM and said, "Look at Hedera as a platform for enabling your access to public networks, while still delivering an enterprise scale of technology." And that's one that I think IBM has greatly benefited from in the years since they joined as a council member.

Eric Swartz: We definitely agree. On that topic, we know Hedera takes a slightly different approach, both at the technological digital ledger layer and the governance layer as to their validator selection. Can you tell our listeners a little about the approach to help them understand the incredible innovation that is Hedera?

Don Thibeau: Sure. And obviously, now I get to speak as an interested party and advisor and no longer team member. But that being said, the goal with the launch of Hedera was to build with decentralization from the start, but allow decentralization to grow over time. So, Hedera has a group of node operators that are also network governors. They join an organization called the Hedera Governing Council, which is the decentralized organization that helps to make decisions about Hedera's roadmap, direction as a technology, et cetera.

Those council members also were the first node operators. It's important that you have that wide, but also known set of validator nodes early on in a cryptocurrency network's lifecycle, to ensure that no singles, party, or small group of entities, really collects all of the power in the system. And through that model, Hedera was also able to have distinct cloud service providers being used to operate the network. They were required to be operated in different jurisdictions and of course, operated by different companies. So, when you look at the actual distribution of validators, it's actually more decentralized than a lot of other networks that run 90% of their nodes in AWS, so that when AWS goes down, the whole network comes down for them. But that being said, although Hedera started with that permission validator model, it will I know, expand to public permissioned node operation to help enable anybody to join that network as a validator and benefit from the role that provides.

Eric Swartz: And can you just speak to the quality of the validators in that initial set? Because I think what is a staunch difference between Hedera and other validator sets within the proof of stake chain world, is just that you guys have some of the top organizations in the universe working as validators on your network from almost day one. And so, with that in mind, I think the partnerships that are available, the just reach that you have by including those folks rather than trying to take in an approach that effectively excludes such parties, must have been unimaginably game changing for you guys. Has that been the case? Can you talk a little bit about that?

Don Thibeau: Yeah. I think that we first really saw the benefit of those organizations in the decentralized governance behind Hedera, when we would propose new additions to the roadmap, or even prioritize our roadmap. These organizations obviously always brought an incredible depth of technical expertise, but also a mind that was focused on scale, so that they would push to have lower latency, higher performance because these organizations were going to be using it for things like cross-border payments or for creating authentic, auditable sustainability assets, use cases which can't take 10 TPS and say good enough, but need the thousands of TPS that Hedera provides.

But the other real benefit, more so than I think the node specifics themselves was use of the hash graph consensus algorithm for that consensus process. So hash graphs, graph to get technical for a moment is an asynchronous

Byzantine fault tolerant or a BFT consensus algorithm, which in layman's terms really means that it's pure decentralization. Every node participates in every round of consensus. There's no leader or small group of leaders that take consensus and can bring down the network. And so, you've seen Hedera really start and scale without some of the issues that have caused outage on other networks based on their consensus algorithms. But really, I'm excited to see where those organizations go and take Hedera and also what they continue to build on Hedera. Just LG for my new interest, launched an NFT collection that integrates to their smart TVs, smart mirrors and more. And that just shows the type of skill that is going to be brought by many of the applications on Hedera.

Eric Swartz: I couldn't agree more, and I just am so excited to see the partnerships and incubation acceleration that occurs within the ecosystem, having partners such as the partners that you guys have. We look forward to some really great things. Switching gears a little bit, you guys have a new venture, NFT.com, which I'm incredibly excited about. It frankly is very similar to Hedera in many ways, and I think the vision for it is very similar, but I think in particular, we want to just hear about what you have in store for the community. Tell us a little bit about Genesis Key NFT holders and what they're entitled to.

Don Thibeau: Absolutely. So NFT.com, which is a subsidiary of Immutable Holdings, really seeks to build a platform which helps bring millions of creators to billions of people. The transformation of NFTs at its core is fundamentally the ability of creators to generate assets that they own and can deserve royalties from long term. But to use that as a means to engage communities of interest around them, whether it's gamers on a gaming platform, fans of a particular artist, or even somebody who's attending a given sporting event. NFTs, and the creators that build them really are discovering each other and engaging one another much more frequently through these NFTs. Just the number of new brands that are entering the space through NFTs is another indicator of that.

Our goal with NFT.com is to really build the social NFT marketplace. So, to expand on what that means, all of the innovation that's been driven by cryptocurrencies and NFTs has been social and community oriented. It's about what's in the zeitgeist, the actual ... what's the word? Rumors is probably the bad one, but the buzz that gets generated around these assets that drive and have driven a lot of the value to date. But many of the technology platforms which support those tokens and those communities are actually incredibly inaccessible. So, our goal with NFT.com was to give users an experience that was analogous to many of the social networks they use today, but has an NFT marketplace and NFT trading built in.

So, you can go to NFT.com and create a profile that is in and of itself an NFT. So, it's like you're joining a social network, but you are in part owning your identity on that social network, which we think is absolutely critical to the vision behind Web3. Once you create that NFT representing your profile, you can then display NFTs from wherever you've collected them, or you can use that profile to promote a NFT collection that you created.

Then we built in the ability to buy and sell those NFTs across other third-party marketplaces so that you can easily expand your collection or sell your NFTs if that's your objective. Our long-term goal is that NFT.com will be wherever NFTs are and we're certainly excited to continue with that development.

I'll talk maybe a bit about what we've been doing to date. So, I mentioned some of those core principles of Web3. Our goal was to start the project as a community effort, and so the Immutable Holdings team did an NFT drop of what's called the Genesis Keys to form that initial community. So, those people who buy a Genesis Key NFT can actually access our private beta, which I'll talk about momentarily, and also mint for free, NFT profiles. So that could be something that you use for your personal collection or to build a particular brand.

Now since that drop, which was at the end of Q2 this year, we've been in our private beta phase, which is delivering new features to those Genesis Key holders every two weeks. So, they've actually seen and helped provide input in what we're building as we're building it. So, they've seen new features like customization of an NFT profile, buying and selling of NFTs on new marketplaces, and also helped to give us feedback into that direction and that community focus is something that we're certainly going to continue into the future.

Eric Swartz: Just a related question. In picking Genesis Key NFT holders, did you guys pre-select anyone, or did you guys offer to the public and just purchasers who wanted to contribute have taken part?

Don Thibeau: So, it was very much a public sale that anybody could and still can participate in. So, there was an auction process which actually determined the price of Genesis Keys, but users today can even go to NFT.com to join that community and buy their own Genesis Key. But it was something that was meant to be broadly accessible and decentralized. We have worked with many partners, like Kevin O'Leary, who've served as strategic advisors and investors into Immutable Holdings and actually joining the NFT.com community as well, and many more who are helping again, to really grow awareness of our community, of our project, and help to drive its scale and adoption as well.

Eric Swartz: That's amazing. And we're happy to hear that folks have been able to contribute and, down to the public, has really been able to feel what the Hedera system probably was on day one so that they can have that same moment that some of the biggest companies in the world got to have.

Don Thibeau: Exactly. Our Discord server, which is where we discuss everything from those latest trends to new product features, is one of the most active I've ever been a part of. So, it's really fun to work with.

Eric Swartz: I believe it. I know that I'm pretty excited about what you guys are building and I just can't wait for the public launch and to see what true competition to Open Sea really is. And with that said, what is NFT.com promising that something like Open Sea could never really provide?

Don Thibeau: I think really, it's our orientation towards building that decentralized social network with a marketplace built in. We want our platform and we want NFTs to be a model and mechanism by which people engage one another, and do so in a way where when they bring assets, when they bring activity, and when they bring their reputation, they actually are in part a contributor but also an owner, if you will, of that social network.

What we've seen in the social networks to date, as everybody knows, has really been exploitation of identity, of reputation, of data, and certainly some of that always has a place in the digital space, but our goal with NFT.com is to build a platform that enables all of the great features around trading integrated, even to Open Sea. So, you can still buy and sell through Open Sea if you like, while focusing on the social aspects of NFTs that really make it so great and so powerful. I, let's say that, use it instead of Open Sea right now, but certainly you can buy and sell through Open Sea and by aggregating those marketplaces and the social impact around NFTs, I think we've got something really exciting ahead for us.

Eric Swartz: Agreed. And honestly, I think that's exactly what folks are looking for because Open Sea does provide an easy channel for the sale and purchase of NFTs, but what I think is missing in Open Sea and generally from the NFT space, is a good linked social network. Obviously Meta's doing what they can to bring that to the table, but when you don't have the marketplace interconnected with the social network, it just doesn't really ... Simply displaying NFTs as if their artwork on your wall is not the same as sort of being a part of the community and a part of the marketplace. And a lot of what folks are really looking for is exactly that because they're active traders. So, I think simply being able to display things is never really going to be enough and I'm really excited to see the next steps from NFT.com.

Don Thibeau: Yeah, I'd also just add to that, we see fragmentation in the marketplace side of NFTs. Not only are there different Open Sea, Magic Eden, LooksRare competitors, but the NBA, the NHL, GameStop, all have their own marketplaces as well. And our view is just that users shouldn't be siloed into those different marketplaces and should be able to integrate and transact across them as frictionlessly as possible.

Eric Swartz: With that, I mean the only thing I can think of is you guys are bringing the DEX aggregator one inch approach to NFTs, which is something it certainly needs, given the fractionalization you noted. So, we're really excited to see it.

Don Thibeau: Appreciate it.

Eric Swartz: Thank you again, Don, for joining us today. Before we leave for the day, do you have any last minute thoughts you'd like to share?

Don Thibeau: I'll just turn back to my favorite comment, which is about the community. If you're building in the NFT space, if you're interested in the NFT space, come join our Genesis Key club, join us in the NFT.com community and help us to make this vision a reality and have fun with it as well. Because that's what I think makes the space so great.

- Eric Swartz:** Absolutely.
- Leah Satlin:** Thank you, Don. Well, you heard it here. Hop on NFT.com and explore. If you're interested and if you liked this episode before you go, please be sure to subscribe to our podcast and hit the like button. Thanks so much everyone.
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