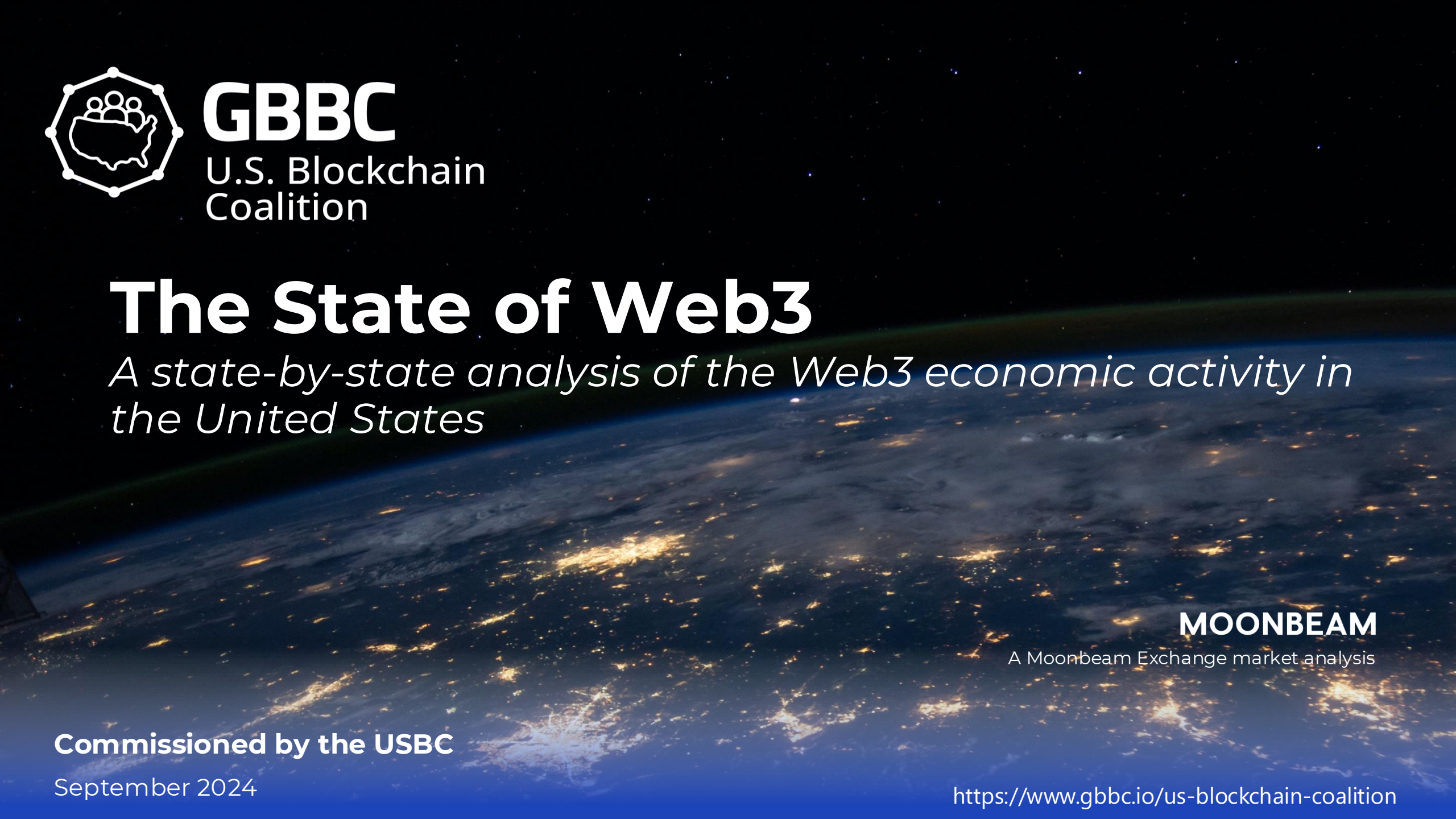


GBBC
U.S. Blockchain Coalition

The State of Web3

A state-by-state analysis of the Web3 economic activity in the United States

MOONBEAM
A Moonbeam Exchange market analysis

Commissioned by the USBC

September 2024

https://www.gbbc.io/us-blockchain-coalition

A letter from **Arry Yu**

Executive Director
U. S. Blockchain Coalition
& Head of Strategy (US), GBBC

GBBC U.S. Blockchain Coalition

The State of Web3: A state-by-state analysis of the Web3 economic activity in the U.S. (US-2024)

MOONBEAM

Dear Web3 Enthusiast,

The U.S. Blockchain Coalition (USBC), the only multistate focused blockchain organization in the US, is excited to unveil our updated State of Web3 report, now with data from 2007-2023, a significant milestone in our industry's journey. We are deeply grateful to all the individuals and organizations who have supported our progress.

Our industry is both vibrant and controversial, often muddled by misinterpreted terms and conflicting narratives. We needed change. In 2021, Lee Bratcher of the Texas Blockchain Council and I, Chair of the Cascadia Blockchain Council (representing companies in Washington, Oregon, Idaho and British Columbia), founded the USBC to bring clarity and unity to the blockchain space. The USBC was born with the support of the largest technology industry association in North America, the Washington Technology Industry Association (WTIA, to connect blockchain with industries that can best apply these technologies. Last year late in 2023, the USBC merged with the GBBC to grow even more to where it is today.

This report, developed closely with our research partner Moonbeam, provides a detailed overview of the Web3 landscape backed by solid data and analysis. It serves as a baseline for future growth, highlighting job opportunities and economic impacts for policymakers and communities across the U.S.

We encourage you to use this report to create data-driven strategies, identify needs, and build partnerships across sectors. Let's use this as a foundation to shape a brighter future for Web3, tracking our progress annually and supporting each other to advance the industry.

Warm Regards,

Arry Yu

Arry Yu
Executive Director, U.S. Blockchain Coalition (USBC)
Head of Strategy (US), Global Blockchain Business Council (GBBC)
Chair, WTIA Cascadia Blockchain Council

GBBC U.S. Blockchain Coalition

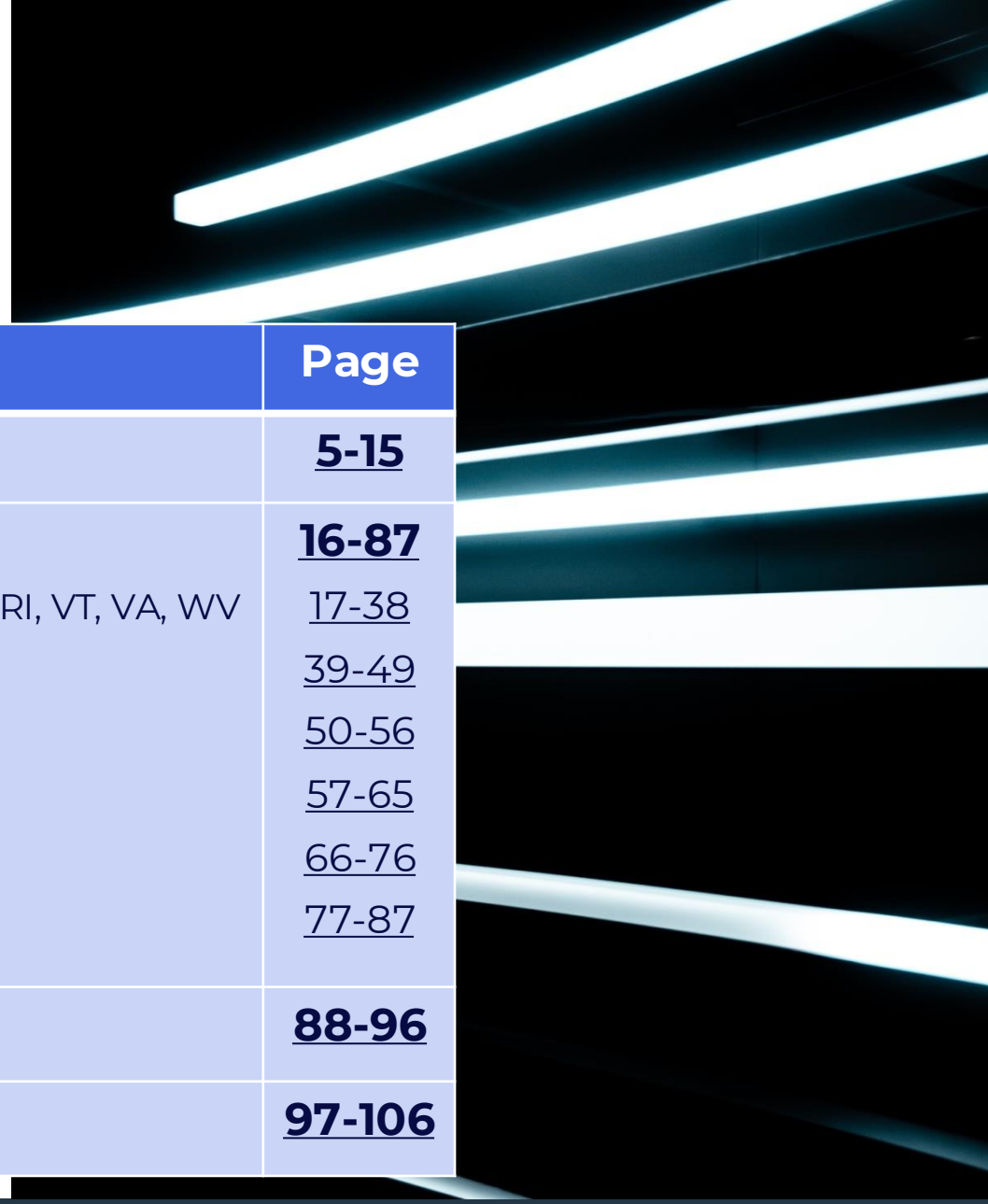
This report was produced through a partnership across the Web3 industry including:

Web3 and Technology Industry Collaboration Underwritten by:

GBBC U.S. Blockchain Coalition	The U.S. Blockchain Coalition (USBC) is a multistate federation comprised of state blockchain associations, organizations and influential individuals across the country cooperating to ensure the United States is a leader in blockchain, Web3, and distributed ledger technologies (DLT).
GBBC Global Blockchain Business Council	Global Blockchain Business Council (GBBC) is the largest leading industry association for the blockchain technology and digital assets community. Launched in Davos in 2017, GBBC is a Swiss-based non-profit, with more than **500** institutional members, and 301 Ambassadors across **117** jurisdictions and disciplines. The organization is dedicated to furthering adoption of blockchain technology by convening regulators, business leaders, and global changemakers to foster collaboration and advance dialogue to create more secure, equitable, and functional societies.
DCG	Digital Currency Group's mission is to accelerate the development of a better financial system. We do this by building and supporting blockchain and digital currency companies using our network, insights, and access to capital. DCG has been the most active investor in the digital currency industry, with investments in over 200 companies in 35 different countries.
BLOCK	Block (NYSE: SQ) is a global technology company with a focus on financial services. Made up of Square, Cash App, Spiral, TIDAL, and TBD54566975, we build tools to help more people access the economy. TBD54566975 is building an open developer platform to make it easier to access Bitcoin and other blockchain technologies without having to go through an institution.
coinbase	Coinbase (NASDAQ: COIN) believes The future of money is here. They operate a leading cryptocurrency exchange platform where people and businesses to buy, sell, and manage crypto.
WTIA	The Washington Technology Industry Association (WTIA) is a coalition of like-minded innovators and problem solvers who believe in harnessing the transformative potential of technology and our collective strengths to build a better, brighter world for everyone.

Table of Contents

This report provides an assessment of the economic activity, impact, and innovation potential of Web3 technology across the 50 U.S. States, the District of Columbia, and Puerto Rico.

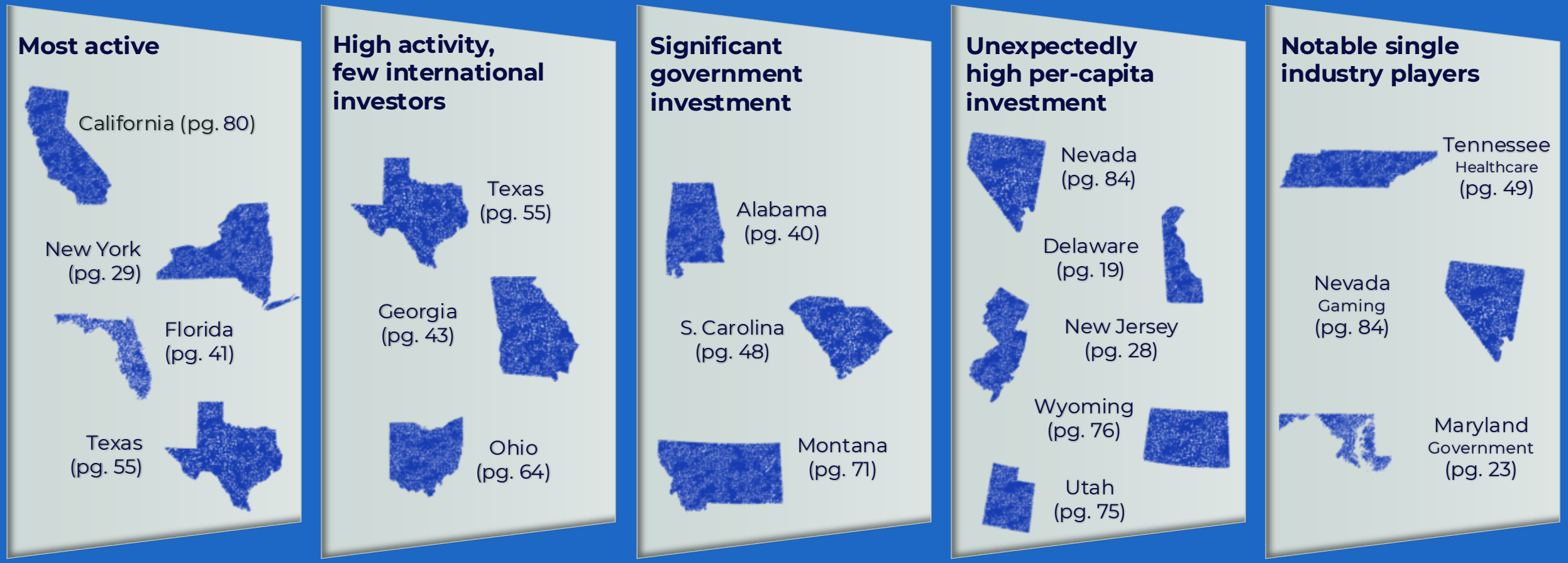


GBBC U.S. Blockchain Coalition

The State of Web3

Executive Summary

Our analysis reveals several outliers in the Web3 space.



These standout states are examined in further detail in their respective regions for job activity & federal funding.

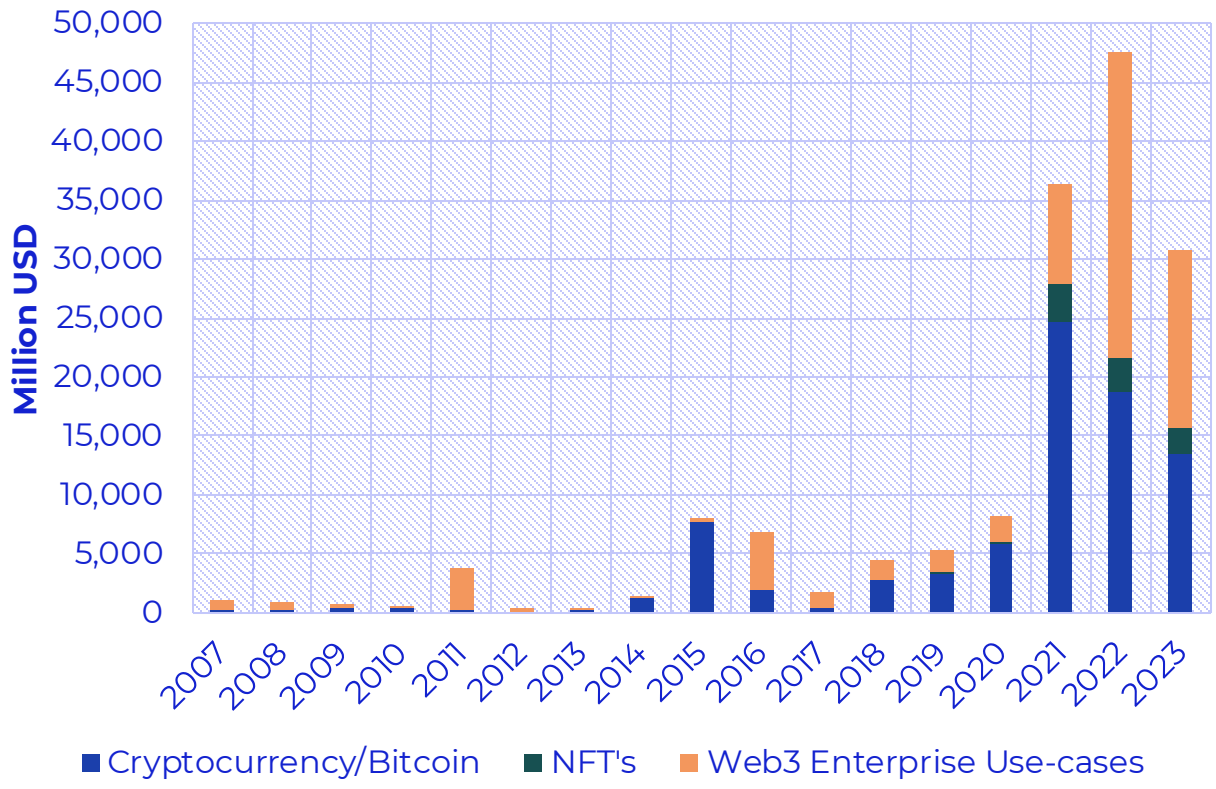
Enterprise Web3 applications are driving real economic activity despite fluctuations and hype of digital assets in recent years.

By the Numbers:

- 10,500+ Startups
- 13,400+ Investors
- 7,500+ Deals
- $53B+ VC
- $47B+ M&A
- $4B+ IPO

Source: Moonbeam Exchange's data science platform which includes 100+ data feeds including Crunchbase and Pitchbook.
Date Range: 2008-2023

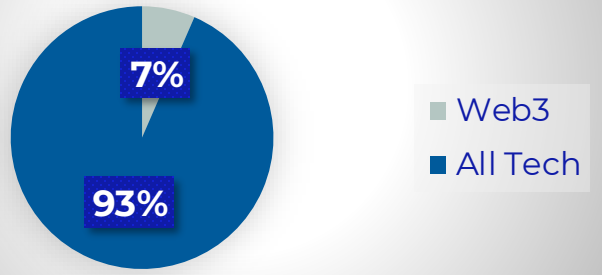
Capital Invested by Year



The Bottom Line:

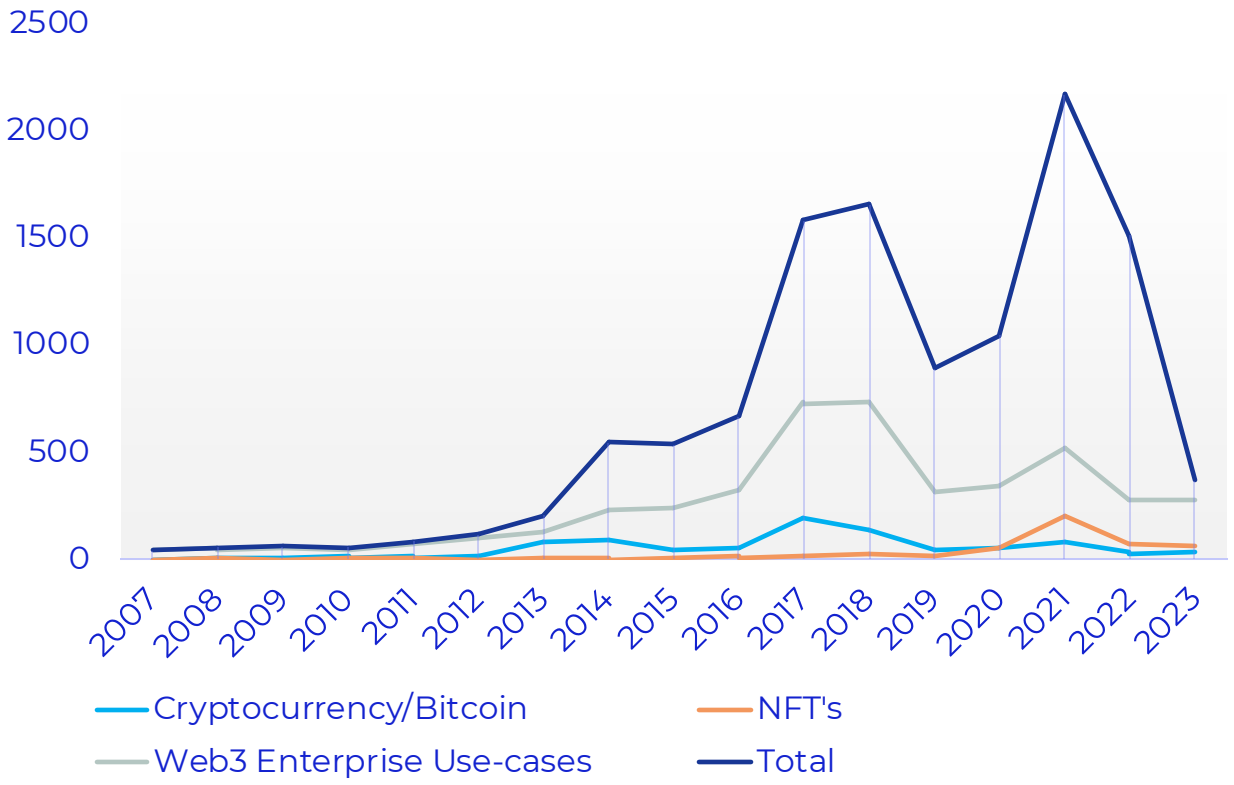
The digital asset hype, as represented by venture capital investment, started in 2014 and peaked in 2021, with a significant drop in 2022 and 2023. However, since 2016 there has been steady growth in investment in enterprise applications of Web3 technologies until recent booms in 2021 and 2022.

Web3 accounts for 7% of all US unicorns since 2000.



Enterprise applications of Web3 continue to gain traction, bolstered by cybersecurity, smart contracts, and supply chain applications.

Web3 Startups Founded per Year



In recent years, an average of 400+ Web3 startups formed per year, with peak activity in 2017 (1,580), 2018 (1,653), and 2021 (2,168).

Promising enterprise applications of Web3 technology include:

Smart Contracts – Blockchain allows for secure, self-executing contracts called smart contracts. These automate agreements bring transparency, efficiency, and trust to transactions.

Supply Chains – Blockchain streamlines supply chains, ensuring transparency, traceability, and efficiency while reducing fraud and errors.

- Agriculture – tracks agricultural products, verifying origin, quality, and certifications, fostering trust and fair trade.
- Pharmaceutical – tracks pharmaceuticals, ensuring authenticity, preventing counterfeit drugs, and enhancing drug safety.
- Consumer Goods – ensures transparency in CPG supply chains, from manufacturing to retail, promoting ethical sourcing and product authenticity.
- Security –fortifies security & defense operations, enhancing supply chain integrity, secure communication, and tamper-resistant records.

Health – Web3 technology empowers secure health record management, enabling patient control, interoperability, and privacy-enhancing features for improved healthcare outcomes.

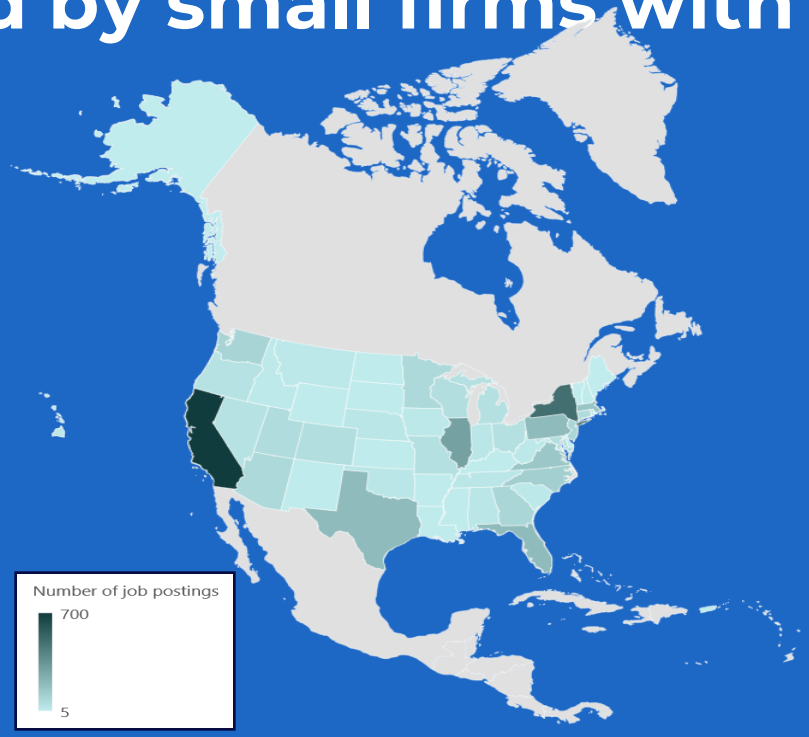
Cybersecurity – Web3 technology strengthens cybersecurity defenses with decentralized threat detection, secure data handling, and resilient cryptographic mechanisms.

Web3 companies account for hundreds of thousands of jobs nationwide, led by small firms with under 50 employees.

Select incumbents hiring for Web3-related positions*

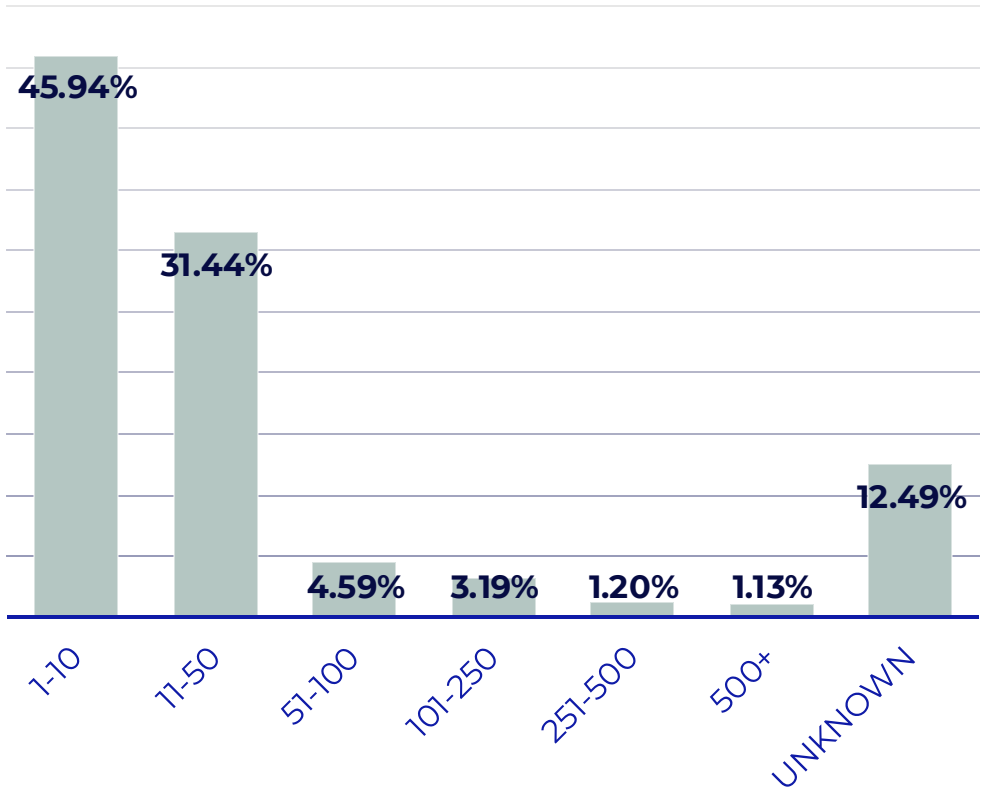
Google, Moody's, IBM, coinbase, Goldman Sachs, UPS, General Dynamics Mission Systems, JPMorgan, amazon, mastercard, The Home Depot, Booz | Allen | Hamilton, State Street, citigroup, SAIC, Moog, Comcast, InteractiveBrokers

* Data from 2023



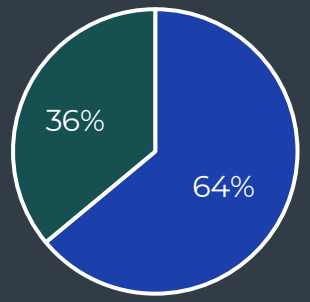
The Bottom Line:
Job numbers are exceedingly error prone, with no reporting standards, fluctuations in business performance, and changing job descriptions. Despite the lack of normalized data, Moonbeam estimates 200,000+ jobs nationally based on startup activity, investments, and incumbent activity.

Web3 Companies by Employee Count



Over 1/3 of investors in US-based Web3 companies are foreign.

Location of Web3 Investors



- U.S.-based Investors
- International Investors

- Top 5 states for total capital invested (CA, NY, TX, FL, MA) have on average 28% international investors.
- Other states also excel at international investment attraction: DE (38%), WA (36%), PA (36%), NJ (34%), and NV (34%).

Bottom Line:

With the inherently global nature of Web3 technology, **international investment is critical** to a successful innovation economy. Smaller states, despite having notable companies, fare worse at attracting international investment.

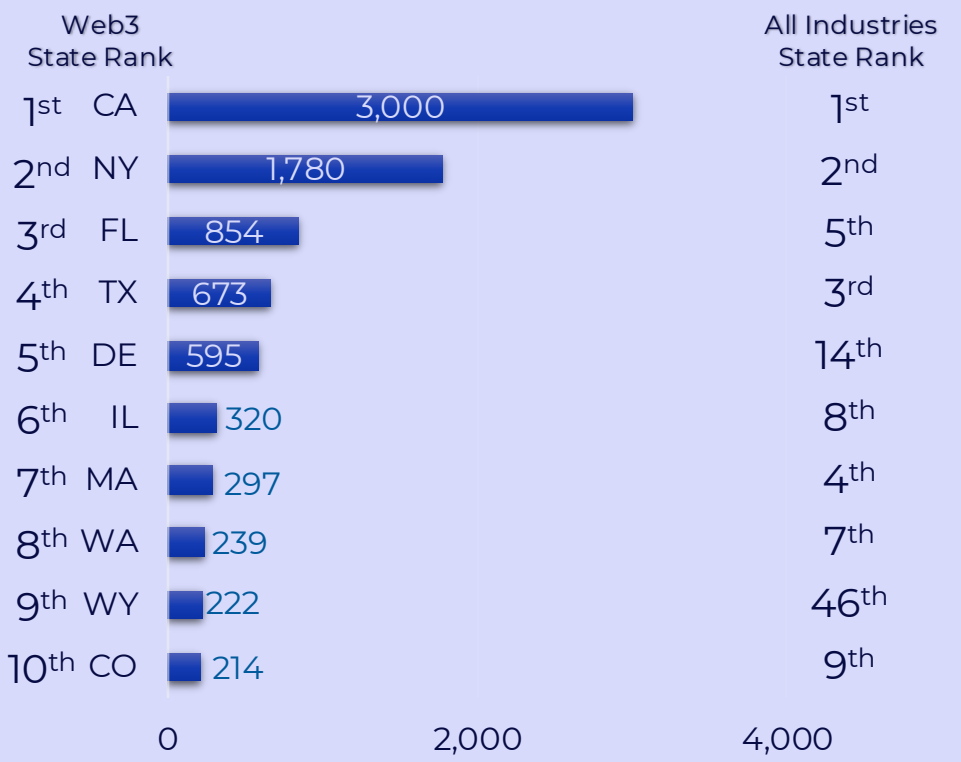
Where are these international investors based?

Asia (13.2%) | Europe (12.8%) | Other (9.9%)

Singapore (3.5%) | China (2.7%) | Hong Kong (1.7%) | Japan (1.1%) | UK (4.4%) | Switzerland (1.3%) | Germany (1.2%) | Canada (2.8%) | Australia (1.3%) | UAE (1.1%)

California and New York lead as expected; Florida and Texas emerge as Web3 leaders compared to overall startup activity.

Count of startups, by state



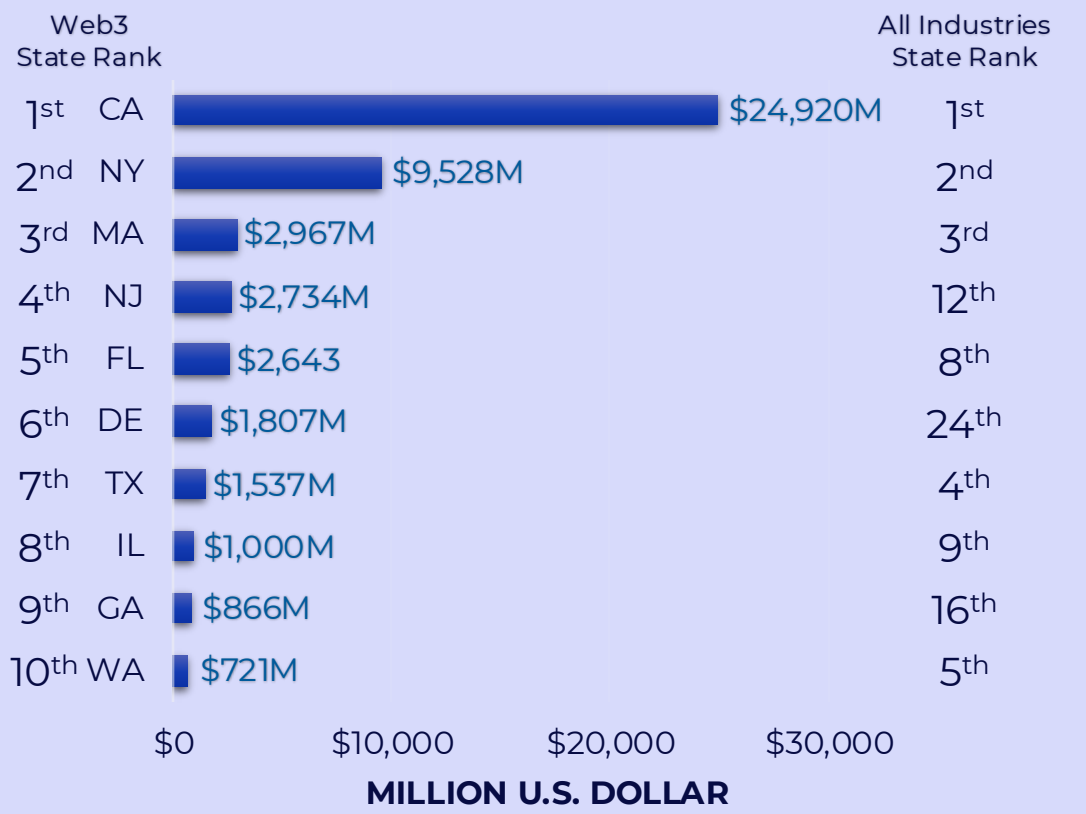
Note: these are total Web3 **startups** by state. The data has not been normalized per capita.

The Bottom Line:

While startup hubs like California and New York perform well as expected (based on total startup activity), Web3 activity shows emerging leadership from states like Delaware, Georgia, Wyoming, and New Jersey.

Notably, certain states with mid-level startup activity in general over perform in the Web3 economy, e.g. New Jersey, Delaware, and Georgia from VC funding rankings of 12th, 14th, and 16th respectively to Web3 rankings of 4th, 6th, and 9th.

Billions $USD invested by VC, by state



Investment and development activity in Web3 is growing amongst the top incumbents (largest 1000 public companies by total revenue).

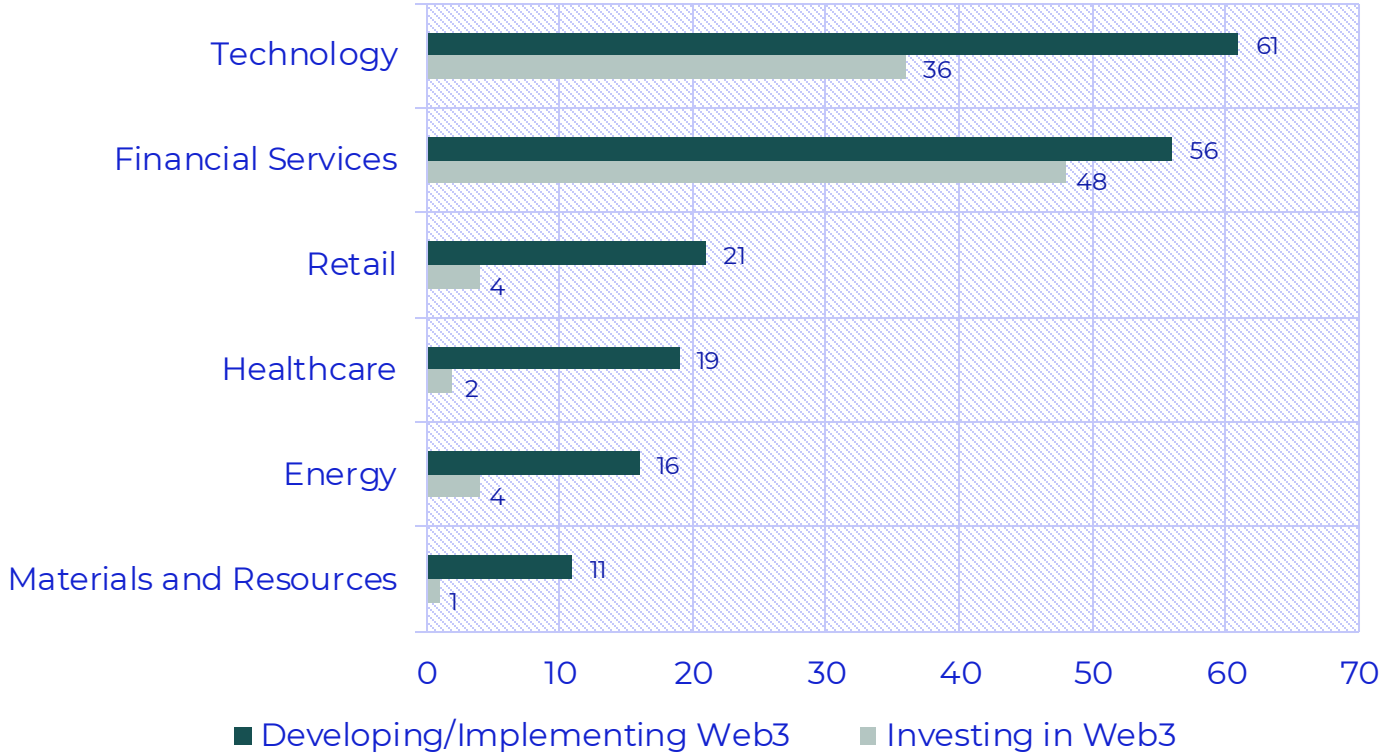
Nationwide, out of a 1000 incumbents, 29.4% are developing/implementing Web3, while 11.7% are actively investing in Web3.

Certain sectors, like Financials, Technology, Retail, Media, and Health Care, seem to be the most active in this sector.

Notable investments of incumbents:

- **JP Morgan Chase** (sector: Financial) - $268M in digital asset company, blockchain companies, and distributed ledger software companies.
- **Fox** (sector: Media) – $100M in blockchain network for storage, distribution, and monetization of digital content.
- **Cigna** (sector: Health Care) – joint venture between Aetna, Anthem, Cigna, Cleveland Clinic, Health Care Service Corporation, and IBM to form Avaneer Health.
- **Overstock.com** (sector: Retail) – $93M in blockchain-based digital asset system, blockchain-based equity trading platform, decentralized transaction platform, among others.

Incumbents Developing/Implementing or Investing in Web3 technology, by sector.



U.S. Government funding remains low but shows significant growth since 2017 with a CAGR of 36.2%.

The Bottom Line:

Government funding is a growing area of non-dilutive investment for Web3 startups focused on enterprise applications.

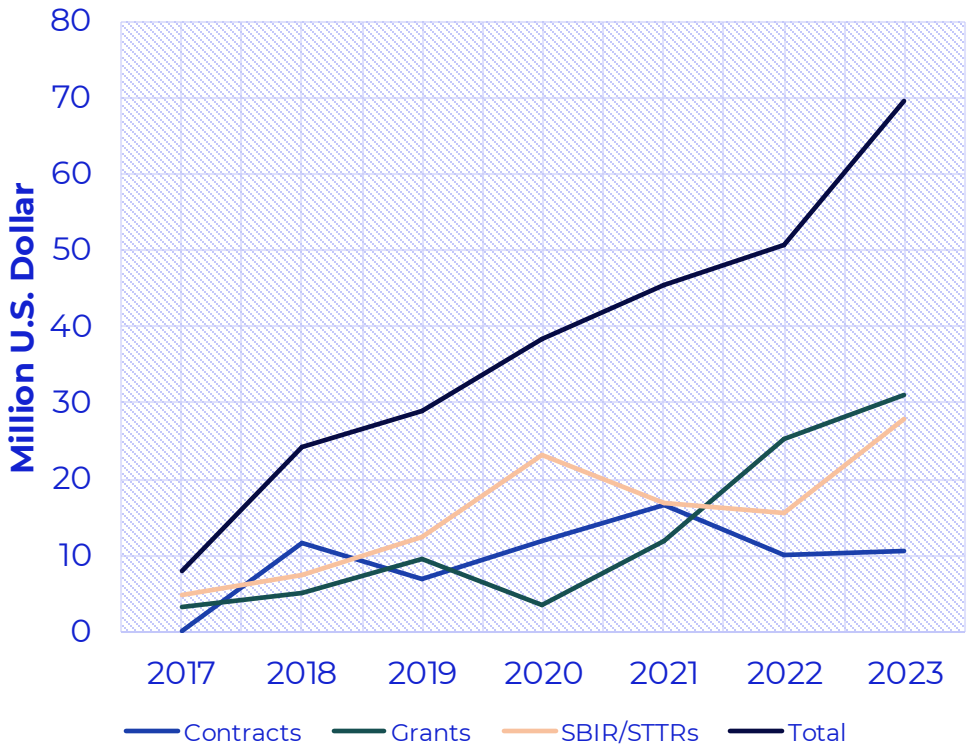
Government Funding includes contracts, grants and SBIR/STTRs (Small Business Innovation Research and Small Business Technology Transfer).

Top departments funding Web3 R&D:

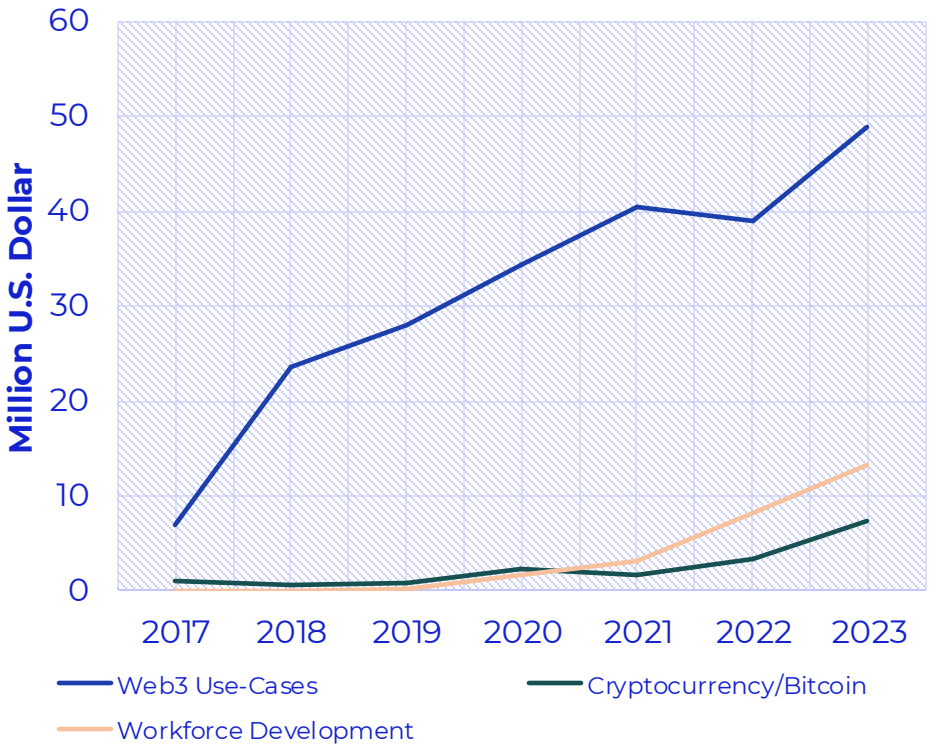
- Natl. Science Foundation ($83.4M),
- Dept. of Defense ($75.8M)
- Dept. of Health and Human Services ($22.2M)

For full details see slide 92.

Federal funding over time, by type of funding



Federal funding over time, by focus area



Summary of Methodology

For a complete review of the methodology and definition of terms, see pages 98-105

Methodology Overview

The report aims to identify the strengths and opportunities of each state's Web3 ecosystem across five dimensions:

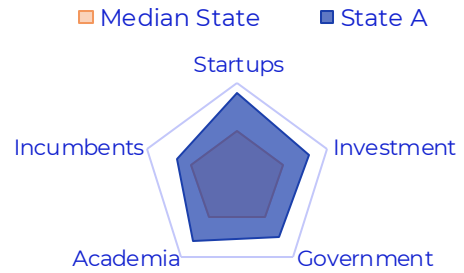
1. Startup activity;
2. Incumbent activity;
3. Investor activity;
4. University research;
5. Government funding.

The report also seeks to highlight best practices and opportunities for collaboration within and across states to foster a thriving Web3 ecosystem to drive economic growth, create jobs, and improve the lives of citizens.

Ultimately, the goal of the report is to provide policymakers, investors, entrepreneurs, and researchers with actionable insights that can inform their decisions and contribute to the continued development and adoption of Web3 in the United States.

A complete description of the methodology and terms used can be found in the Methodology Section of this report.

Ecosystem Benchmarking Method



This methodology was informed by:

- Daniel Isenberg's "Domains of the Entrepreneurship Ecosystem" model (link);
- "Innovation Ecosystems" by Thomas & Autio (link);
- MIT Sloan Heat Map (Strategically Engaging with Innovation Ecosystems) (link).

After data was collected, cleaned, and normalized, each feature was ranked individually, and all features within a category were averaged to arrive at a single value between 0 (low) and 10 (high). Moonbeam derived a median of all values within a category to generate an average state, to which all states were compared.

A minimum value of 0.2 (instead of zero) was given to the lowest rank, to account for other sources of data not evaluated in this report (e.g. other incumbents outside the Top 1000 public companies list, government policies, masters and specific courses focusing on blockchain in academia).

Web3 Defined (full definitions in Methodology Section)

To support this analysis, we targeted several key technology areas related to the advancement of the Web3 technologies and industry. Moonbeam built a term adjacency map to connected concepts centralizing around:

- Blockchain
- Distributed Ledger
- Web3
- NFT/NFT Technology/Non-Fungible Tokens
- Decentralized Finance / DeFi
- Decentralized Autonomous Organization
- Cryptocurrency / Bitcoin
- Digital Asset / Digital Asset Management
- Verifiable Credentials
- Decentralized Identity
- Stablecoins
- Self-Sovereign Identity
- Token
- Tokenomics
- Tokenmetrics
- Crypto Assets

While this report focused on five primary dimensions, additional analysis would provide a further insight.

The scope of this report

This report focused on developing a baseline of activity data comparable across the 52 jurisdictions (50 states plus Puerto Rico and Washington, D.C.) with metrics that could be uniformly quantified with complete datasets. Some metrics were not included due to constraints in data and scope.

Activity Type	Covered	Not Covered
Startup	• Startup formation and self-reported hiring • Disclosed investments (Pitchbook or Crunchbase)	• Startup closures, layoffs, or bankruptcy • Corporate relocations to other states or countries
Investment	• Disclosed venture capital investments	• Undisclosed investments
Incumbent	• Publicly disclosed initiatives of the U.S. based Top 1000 public companies by total revenue • Job postings between Jan-April 2023	• Non-U.S.-based companies. • Non-Top 1000 companies • Incumbent jobs
Academic	• Government funded research grants • Major research university labs and publications	• Specific academics and their citations. • Creation of new majors or rate of graduation
Government	• Government contracts (FAR and OTA) • Government grants (standard, SBIR, STTR)	• Classified spending; State spending • Regulatory activity and its impact • Comparable with international governments

Areas for further exploration


Accounting for sector downturns (jobs & failed startups)


Influences of Public Policy and Regulation


Global Migration of jobs/companies


Academic/Commercialization Pipeline


U.S. ranking compared globally

Interested in further analysis?

If you're interested in underwriting the phase two of this report exploring additional aspects, please contact: Arry Yu at arry.yu@gbbcouncil.org.

About the U.S. Blockchain Coalition (USBC)

The U.S. Blockchain Coalition is a coalition of state blockchain associations across the country cooperating to ensure the United States is a leader in blockchain, Web3, and distributed ledger technologies (DLT).

We do this by:

- **Aligning and collaborating** on public policy and legislative priorities.
- **Finding opportunities** to partner on projects that enhance the competitiveness of the U.S., different regions, and individual states.
- **Sharing** best practices for economic development and building strong, supportive regulatory environments.
- **Highlighting and cataloging** use cases across the country.
- **Providing** accessible education to policymakers.
- **Building** relationships with regulatory bodies and agencies.
- **Proactively seeking out** new partnerships with industry, government, academia, and investors to meaningfully grow the sector across the country.

USBC members and partners are working together to break down the fragmentation and silos to establish a strong baseline of a credible data-informed proactive strategy to build future legislation in a way that supports a flourishing blockchain, DLT, and digital asset industry.

We support startups and companies by creating a more coherent environment to operate in, state by state.

Sponsors:

GBBC Global Blockchain Business Council · DCG · BLOCK · WTIA · coinbase

GBBC U.S. Blockchain Coalition

State Members (48+):

- Alabama Blockchain Association
- Arizona Blockchain Initiative
- Arkansas Individual Contributors
- California Blockchain Advocacy Coalition
- Colorado Individual Contributors
- Connecticut Blockchain Association
- Florida Business Blockchain Association
- Georgia Blockchain Coalition
- Hawaii Blockchain Coalition
- Chicago Blockchain Center
- Illinois Blockchain Association
- Indiana Individual Contributors
- Iowa Blockchain Network
- University of Kansas Blockchain Institute
- Kentucky Blockchain Alliance
- Louisiana Individual Contributors
- Maine Individual Contributors
- Maryland Blockchain
- Boston Blockchain Association
- Blockchain at University of Michigan
- Minnesota Blockchain Initiative
- Mississippi Individual Contributors
- Missouri Individual Contributors
- Montana Individual Contributors
- Inclusive Design Institute
- New Hampshire Blockchain Council
- New Jersey Innovation and Technology Alliance
- New Mexico Individual Contributors
- New York Blockchain Association
- North Carolina Digital Innovation Council
- North Dakota Individual Contributors
- Ohio Blockchain Council
- Oklahoma Blockchain Council
- The Provenance Chain Network
- Oregon Individual Contributors
- Pennsylvania Blockchain Coalition
- Puerto Rico Blockchain Trade Association
- Rhode Island Blockchain Council
- South Carolina Emerging Technology Trade Association
- South Dakota Blockchain Institute
- Tennessee Blockchain Alliance
- Texas Blockchain Council
- Utah Blockchain Coalition
- Distributed Ledger Governance Association
- Virginia Blockchain Council
- Washington Cascadia Blockchain Council & Advanced Technology Cluster
- Wet Virginia Individual Contributors
- Wyoming Blockchain Coalition

GBBC
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For further details please contact:

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