

Dear Shareholders,

Today we announced that Aker<sup>1</sup> has established Seetee<sup>2</sup>, a new company that will invest in exciting projects and companies throughout the Bitcoin ecosystem while keeping all of its liquid investable assets in bitcoin<sup>3</sup>. The new company has a capitalisation of NOK 500 million, an amount we aim to increase significantly over time as we gain experience and identify exciting opportunities.

Before I proceed with our story, I want to state upfront that I am aware that Bitcoin is often criticised for a number of perceived challenges, including its electricity consumption, its inability to scale with respect to transactions, and its potential to facilitate anonymous illegitimate payments. We believe that Bitcoin can be a *solution* rather than a *problem* for each of those, but we will get to the arguments for that later.

Seetee's strategy is threefold.

First, we will use bitcoin as our treasury asset and join the community. In Bitcoin speak, we will be hodlers. We will be different, but additive. Perhaps not as rebellious as the cypherpunks who invented Bitcoin. But

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<sup>1</sup> Aker has a 180-year history as an important industrial group in Norway. In 1996, I proudly became the main shareholder and our family still owns more than two thirds of the company today. For more information, see <https://www.akerasa.com/en>.

<sup>2</sup> Contra *terrene*, C.T., or *seetee*, is a term from two science fiction books by Jack Williamson, *Seetee Ship* and *Seetee Shock*, where it refers to antimatter. In physics, antimatter is the opposite of matter, which is the costliest material to produce according to some sources. Estimates range from hundreds of billions to trillions of dollars per gram. A proper name for an ambitious company.

<sup>3</sup> As has become accepted practice, we use Bitcoin with uppercase 'B' to denote the protocol, software, and community, whereas bitcoin with lowercase 'b' labels units of the currency itself.

much more progressive than most established corporates. The team at Seetee is already running open source bitcoin payment servers and will remain active contributors in the community.

Second, Seetee will establish mining operations that transfer stranded or intermittent electricity without stable demand locally—wind, solar, hydro power— to economic assets that can be used anywhere. Bitcoin is, in our eyes, a load-balancing economic battery, and batteries are essential to the energy transition required to reach the targets of the Paris Agreement. Our ambition is to be a valuable partner in new renewable projects.

Third, we will build and invest in projects and companies in Bitcoin's ecosystem. This is where our true passion is! Our home game is industrial applications. But we also believe nicely designed modern user interfaces will enable new applications wherever transactions happen. I am particularly interested in micropayments and how these may enable us to avoid usernames, passwords, and our personal data being monetised with, and often without, our knowledge or consent.

Aker is part of the industrial establishment. As someone who started my career in the engine room of old fishing trawlers outside the coast of Norway and later in the Bering Sea in the United States, I'm immensely proud of what Aker has become, including the newly-formed industrial partnerships we have recently announced. But all large companies have one thing in common: they were once small. And many large companies are victims of their own success and end up small or defunct. I will do everything I can to keep Aker curious, innovative, and able to keep up with the times.

After forty years in business, I have learned that you always have to keep an eye out for new opportunities and developments on the horizon. Seetee marks that horizon. It positions itself in the middle of an industry that could define the next several decades, much like the internet has

done since the early 1990s. Seetee is an open invitation to push, pull, and poke life as we know it. To act like young entrepreneurs every day.

### **On the shoulders of giants**

Aker's decision to enter Bitcoin through Seetee is the result of a long and fundamental discussion about value. I have been drinking from the fire hose since last summer. While this letter is my way of expressing my thoughts on the matter, my insights are largely derived from reading articles and books, listening to podcasts and watching videos, as well as conversations with people around me.

Our collective knowledge was derived from the extensive and brilliant material produced by others. These include Saifedean Ammous, Andreas Antonopolous, Adam Back, Nic Carter, Christopher Cole, Ray Dalio, Michael Green, Hugh Hendry, Reid Hoffman, Lacy Hunt, Jack Mallers, Raoul Pal, Chamath Palihapitiya, Anthony Pompliano, Pierre Rochard, Michael Saylor, Elisabeth Stark, Erik Townsend, and Grant Williams.

Some of the people mentioned above are not believers in Bitcoin or in agreement with our investment thesis. We like to dive into competing narratives, and mention them here in case the reader wants to dive into the proverbial rabbit hole. It's amazing to see that the cryptocurrency space attracts so many intelligent people of younger generations—much like the internet did when it was in its infancy.

While precursors existed earlier, most would agree that Tim Berners-Lee's world wide web from 1990 was the start of what we recognise as the internet. Today, we take it for granted, but it has only been around for thirty years and the development has accelerated. Commentary on the internet's lack of useful applications, and expert forecasts about its likely demise were frequent in the 1990s. Bitcoin was invented in 2009

and will go through waves of development before it achieves the application maturity that we are now used to on the internet.

It's a testament of our times that the internet has given many of us instant access to information. But the real value comes when we let our curiosity navigate beyond the algorithms for recommended content. You can only challenge preconceived ideas when you are willing to go outside of your comfort zone. Bitcoin has inspired us to challenge our intuitive understanding of money.

Having followed the cryptocurrency discourse for a while, we decided to reach out to the engineers who made it their mission to change the inner workings of money more than two decades ago. This morning, we also proudly announced that Seetee has formed a partnership with Blockstream, a global leader in Bitcoin and blockchain technology. Blockstream's leadership includes Adam Back, the inventor of Hashcash, a 1997 precursor to Bitcoin. With Blockstream as our partner, we are confident that we can navigate this industry.

### **Not investing is the riskiest decision**

Risk is not an obvious concept. What's commonly considered risky is frequently not. And *vice versa*. We are used to thinking that cash is risk free. But it's not. It's implicitly taxed by inflation at a small rate every year.

It adds up.

Central bankers have magically agreed that they should target two percent inflation, which implies that one third of your money's worth is taxed away every twenty years. If it was three percent, almost half of it would be gone in that time. Now you should ask, why is it two, and not one or three? What's special about two percent?

The Federal Reserve has recently said it will target an average rate of two percent over time, which implies they will allow inflation to run

above the target for some years. Inflation is very good for debtors. And the U.S. is the world's largest debtor. They owe the bond owners. And they owe pensions. Both groups may be out of luck in the long term.

One way to demonstrate this effect is to price real estate in gold. The Schiller Case Home Price Index is the leading measure of U.S. residential real estate prices. Measured in gold, home prices in the U.S. are among the lowest they have been in the last hundred years<sup>4</sup>. In 2004, Norges Bank sold its last gold reserves citing poor historical returns. Apartments in the wealthiest part of Oslo are 35 percent *cheaper* today than they were in 2004 if priced in gold. And most would say real estate returns have been spectacular in that period.

So what's risk? It's all relative.

In 2018, Twitter hashtag #GetOffZero started to circulate. The main argument: it may be irresponsible not to include some exposure to bitcoin given the asymmetric return properties. Even if you don't get the underlying cypherpunk and libertarian ideals, which I find most interesting, you still need to consider the potential diversification benefits of bitcoin: "Schmuck insurance" in the words of Social Capital's Chamath Palihapitiya.

I've told this story before. On University Street in Seattle, Victor Rosselini had his flagship restaurant, the 410. My mentor, Bob Breskovitch, invited me there to discuss the topic of assisted suicide with five catholic priests. They taught me the importance of scrutiny. Of questioning your own assumptions, listening to others rather than arguing your position, analysing objectively before you decide.

It was a life changing lunch.

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<sup>4</sup> <https://www.longtermtrends.net/real-estate-gold-ratio/>

As a young fisherman in the Northwest, far away from my native Norway, diversification was not high on my agenda. As far as I was concerned, diversification was a rich man's game. Wealth preservation was something you could do once you had actual wealth to preserve. And since I didn't have a penny to my name, I was going to focus on getting there. For years, I didn't think about anything other than building American Seafoods. I was young. Determined. And surrounded by amazing people.

In one way, I still stand by my younger self. If you're certain about something, it pays off to focus and invest everything you have in it. But uncertainty and doubt build as time goes by. The more experience you have, the more you realise that nothing is certain. Everything is a bet with some associated probabilities. I should know—almost 80 percent of our portfolio was in oil and gas when the oil price went negative after Covid-19 hit.

The pandemic. Nobody was prepared, despite the numerous warnings from scientists who said it was always a question of “when”, not “if.” Like most events, pandemics are rare in a lifetime, but frequent throughout history. Norway hadn't experienced a pandemic in five generations, so it was hard to imagine.

But it still happened.

There are many benefits from owning a few companies in different industries, but the price declines for all companies in a crisis. As we saw in March last year. Investors use bonds to diversify their portfolios. Norway's entire sovereign wealth fund is designed that way and it has worked well in recent history. But what if equities and bonds fall concurrently, which they have done for long periods historically? Before the Federal Reserve stepped in with unprecedented measures, that was about to happen one year ago.

And it will probably happen again. And what happens if the central banks cannot stop the fall? What happens to the monetary system if people start questioning the stability of the reserve currency? Again, this has happened many times in history.

I respond to today's challenges as I would when I was a young man. I will always prefer to be a focused entrepreneur rather than a diversified investor, albeit with a tad bit more risk management and infinitely more academic rigour around me than I had earlier in my career. One of my favourite questions to people who ask me about the risk that's inherent to our ideas: What about the risk of losing out on the upside?

Young professionals know they are risking their careers if they say yes to what eventually becomes bad investments. That's the name of the game. What you should really get fired for is saying no and losing out to once in a lifetime opportunities.

Bitcoin may still go to zero. But it can also become the core of a new monetary architecture. If so, one bitcoin may be worth millions of dollars. The asymmetry is interesting to a portfolio. People who know the most about bitcoin believe its future success is nearly inevitable. Whereas the other camp thinks that its failure is equally certain. Status quo is not possible.

In the past months I have met many new people. One of them was Jack Mallers at Strike. He's almost forty years younger than me. Experiencing his energy and enthusiasm was special. I felt old in his company, but also very emboldened: I lost out on mobile communications. I didn't invest in internet companies. It was only recently that I started to invest in and build software companies (and I love it!) When I realised how much brainpower goes into Bitcoin, I saw the future in the making.

## Turning challenges to opportunities

It has been more than a decade since the pseudonymous Satoshi Nakamoto published her/his/their paper, launching a new form of electronic money: bitcoin. I was sceptical of bitcoin for many years and my arguments were more or less consistent with everyone else's: the network's electricity consumption is wasteful, the network is not scalable, its ideals of anonymity play into the hands of criminals, and so on.

Money is a human invention, a social construct that only works since we collectively believe in it. In fact, the term "fiat money" is derived from the Latin word "fiat," which means "an act of will that creates something without further effort." It's a decree. Of all the previous attempts at digital currencies—and there were many—bitcoin was the one that broke out. In the beginning, it was worth zero point zero with as many zeros as you would like. But the more people believe in it, the more valuable it becomes. It's a classic network effect.

Yes, Bitcoin consumes electricity. And pays for it at the locally prevailing market prices. But we believe Bitcoin will enable applications that can create tremendous value. If so, it will be engrained into the social fabric and can't go to zero since it's immune to the political forces that destroys a currency. If this scenario plays out, we might change our focus from the price of a bitcoin to that of a satoshi (one bitcoin is one hundred million satoshi). If our phones are full of Bitcoin applications in five years, the network's value is a Stairway to Heaven.

*So, is it wasteful?*

To achieve the ambitions in the Paris Agreement, we need to vastly increase electrification of society, which will drive higher demand for electrical power. But we need that electricity from renewable sources. Wind and solar are now cheap enough. But they are intermittent, meaning we can only produce when the wind blows and the sun shines. To transform

it into baseload power that can be supplied at any given time, there is a tremendous need for batteries in all forms.

Batteries are the missing piece in the puzzle to enable the energy transition. Remember, one liter of gasoline contains the equivalent of a little less than 10 kWh of energy. But less than 30 percent can be retained as useful power to move a vehicle because of the energy loss in an internal combustion engine. Regardless of where you live, I bet that the price per kWh of useful energy in gasoline is extremely high relative to electricity. You don't buy gasoline because you want the cheapest energy. You buy it because it's an excellent battery: Exxon is a battery company.

The network consumes energy to ensure it remains secure. Remember, banks are government regulated custodians we pay fees to mediate trust. Bitcoin has solved that problem in a way where two parties can transact without verifying and trusting each other, circumventing the need for a third party like a bank. But the mechanism requires electricity.

Enter the so-called miners. A miner uses electricity and is compensated with bitcoins. The financiers of mining operations will insist on using the cheapest energy and so by definition it will be electricity that has no better economic use. Bitcoin then acts like an economic battery. What otherwise was of little value locally, is turned into an economic asset that can be used globally. Extremely flexible demand from miners can optimise the local supply and demand for electricity, which may accelerate the energy transition by improving the economics for new renewable projects.

In discussing this with Adam Back and Chris Cook at Blockstream, I realised that they already have grid balancing technology that plays right into what we are trying to do at Aker Horizons. Sometimes we can pump water into hydro reservoirs and turn intermittent capacity into baseload. Sometimes we will produce green hydrogen and ammonia to reduce emissions in areas such as shipping. Bitcoin is less obvious, but

I'm certain that it will enable many more renewable projects than would otherwise be possible.

*Come on, it consumes as much electricity as...*

Bitcoin's electricity consumption must be analysed with respect to the future scenarios for the network. A lot of volatility is natural when market participants are trying to forecast whether bitcoin is (i) a speculative bubble that will implode and be worthless, (ii) a digital scarce asset that could replace gold as a store of value, or (iii) a monetary architecture that will serve as the core trust and verification layer for numerous types of transactions.

If you subscribe to the bubble narrative, you can rest safely knowing that the electricity consumption of Bitcoin will return to zero in the near future. Miners will not expend energy if their bitcoin rewards are rendered worthless. If that's your view, the discussion is moot.

What if bitcoin replaces gold as an asset class for portfolio diversification and store of value? Now, to all the gold bugs out there, this is not our prediction. Thousands of years of history as sound money means gold will likely remain attractive. We merely use this example to show that bitcoin's scarcity would be sufficient and environmental price would be much lower. Also to be clear, this scenario is *not* why we are excited about Bitcoin, but it may be the easiest use case to understand.

Current gold production is around 3,000 tons a year against an inventory of about 200,000 tons, which is all the gold that has been produced throughout history. Of that, less than half is used for jewellery. The so called stock-to-flow ratio, which is a measure of scarcity where a higher number is better, is therefore currently around 56: at the current rate of production, it would take 56 years to double the inventory.

What's the comparable scarcity of bitcoin? The current block reward is 6.25 bitcoin, which translates to about 900 new bitcoins every day, or 328,500 per year. Given 18.6 million bitcoin in existence, the stock-to-

flow is currently approximately 56, which is on par with gold. But after the next halving, which will happen during the spring of 2024, the stock will be higher and the flow will be lower, so stock-to-flow will be more than double that of gold: Bitcoin will be much scarcer than our scarcest commodity.

The estimated CO2 emission for producing new gold is more than 100 million tons per year. Estimates vary, but recent studies put Bitcoin's around 30 million tons annually. That's less than one third of gold's CO2 emissions. And as renewables increase in the mix, Bitcoin's CO2 emission intensity should drop significantly. Note that this is still disregarding the cost of refining and storing gold, as well as the negative impact land excavation in less compliant regions of the world has on both people and the environment.

That leaves the most optimistic scenario for bitcoin. The one that gets us excited. Where Bitcoin's ability to verify transactions between two parties without a trusted third party is used to build an ecosystem of applications.

We are already exploring Blockstream's Liquid and Elements products for industrial applications: foreign exchange, cash management, trade settlements, emission verifications. But these are merely the obvious ones. The broader potential? Economic access for the unbanked through saving, spending, and lending services. Micropayments. Ownership of private data. Technology that can disrupt compliance, which is now more than ten percent of bank employees and increasing. With the added benefit of improved security and near-instant settlement.

We obviously can't know how this will play out. Many technologies will compete to solve these challenges. But we do know that many applications are too important to leave the verification to centralised systems owned by a corporation or controlled by a single country.

So what about the electricity consumption in the scenario that we are most excited about?

Clearly, the protocol is designed to cut the rewards in half every four years or so. Miners will only expend the electricity if it remains profitable. 18.6 million of the maximum 21 million bitcoin exists today. So at the end of this year, 90 percent of the bitcoin is already in existence and paid for. Nine tenths of the infrastructure is there.

Since the block reward goes down significantly over time, the miners would be willing to expend less electricity all things equal. Either the variable transaction fees or the price of bitcoin have to increase substantially to compensate the miners. Since the block reward will approach zero, fees are the only viable long-term compensation mechanism.

Since the transaction volume cannot increase given Bitcoin's design, fee increases imply that the *value* of single transactions must be substantially higher than today. Presumably, that's only possible if every transaction on the mainchain always involves very large amounts. Billions of smaller transactions would have to execute with acceptable security in second layers and sidechains.

Again, all of this is only commercially and economically viable if the *value* of verifying large transactions without a trusted third party is sufficiently high. This implies high demand for the network's architecture, which again means that useful applications that create tremendous value have been built on top of the core network. Bitcoin can therefore only survive, and electricity will only be consumed, if the value created by the network is sufficient.

Even completely disregarding Bitcoin acting as an economic battery that may improve the economics of renewable projects, which could *accelerate* the installation of intermittent sources of electricity, we don't see a long-term problem related to Bitcoin's electricity consumption.

If it's a bubble, it dies and consumes nothing. If it's digital gold, it's more efficient and will emit much less than the asset it disrupts. And if it's really successful, it's because of demand from truly value creating applications that define our future and should be worth the electricity.

*Fine, but how will it scale?*

It is true that the Bitcoin mainchain cannot process the number of transactions that we depend on in modern society on its mainchain. But that's because Satoshi Nakamoto's design didn't trade censorship resistance and security for scalability. So scalability has to be solved by making slight tradeoffs.

Bitcoin doesn't compromise. To ensure it's open and secure, resistant to censorship and retroactive edits, it's decentralised. But that's a major drawback for scalability: Keeping one central spreadsheet up to date is obviously more efficient than having numerous copies that all must be updated. A Bitcoin transaction takes about ten minutes to be confirmed and the design capacity is about seven transactions per second. Hardly sufficient to deal with today's transaction volumes.

But when I heard Jack Mallers talk about the Lightning layer I had another Rosselini moment. The Lightning Network is built on top of Bitcoin to make it scale. Transactions are done in bilateral channels that connect in a network and each channel is anchored to Bitcoin's mainchain with a single transaction. Lightning transactions complete in milliseconds and can process millions per second with hardly any use of electricity. It therefore leverages Bitcoin's security while increasing speed and reducing cost to levels not achievable by legacy payment rails.

Does a global distributed network of bilateral payment channels sound impossible? In fact, that's how spot foreign exchange works. Aker is the largest investor in Abelee, a non-bank liquidity provider in the foreign exchange market. We have spent a lot of time learning about the mi-

crostructure of financial markets. It's only a matter of time before the old and the new world of money is seamlessly connected.

On that night, with all of us on video from Chicago, Tel Aviv, and Oslo, Mellers sent dollars from a regular bank account in the U.S. via a wallet in Tel Aviv and further on to Oslo. Then, for fun, we sent it to an Aker colleague in Accra, Ghana. All of these transactions took place instantaneously and at nearly no cost. This creates the possibility of programmable microtransactions, a payment stream, which can unlock limitless opportunities.

Applications will have different needs and people will be willing to make slight tradeoffs to achieve those. I'm certain that, with time and creativity, applications that scale in sidechains and layers on top of Bitcoin will flourish. This ecosystem can provide massive scalability, and will only need to settle with the mainchain now and again. Like getting a stamp of approval from the source of absolute truth.

As such, we believe Bitcoin will scale brilliantly in layers upon layers that make the trade offs applicable to particular application. And as we will see in the next paragraphs, it may provide the opportunity to build an entirely new architecture for how information flows in society.

*Still, doesn't bitcoin enable undesired activities?*

The first industry to take advantage of the internet's potential was arguably the pornographic industry. When we founded Cognite, a company that enables siloed data and legacy systems to seamlessly interact to improve access and flow of industrial data, we did that with internet pioneer John Markus Lervik. He told us how his first company, Fast Search & Transfer—later acquired by Microsoft to power their search functionality—was constantly approached by the pornographic industry in the late nineties: they wanted access to the company's leading and proprietary image compression algorithms.

So when a new architecture for money emerges, it should not be entirely unexpected that criminals became its first users. It was more efficient to use cryptocurrencies than cash, which has always been and is still available for those who want a bearer asset to conduct illegal activities. But when the internet went mainstream it found other legitimate uses. We see the same development with cryptocurrencies: criminal use of bitcoin is relatively minuscule.

In fact, the libertarian ideals of the cypherpunk movement holds promise and valuable ideas for the world today. On the one hand, our basic human rights include freedom of speech, religion, assembly, and association; and right to equal protection of the law. As such, information about the individual and his or her actions and transactions should be available to those with a *legal* right to access. On the other hand, as has been so eloquently exposed by Shoshana Zuboff in her book, *The Age of Surveillance Capitalism*, the internet behemoths have turned us into the product. I'm certain we need to fight back against unlawful access to information, and that requires a new architecture.

On a personal note, I am frequently frustrated that I give away usernames, passwords, locations, credit card details and other information to read newspapers or watch movies. I'm fascinated by the prospect of bitcoin Lightning wallets that may enable instant credit via micropayments without the need to offer personal information that my counterpart can monetise without approval or compensation.

So if you insist on being anonymous, doesn't that mean you are hiding from the law? Of course not. To the contrary, I believe Bitcoin holds the promise of much more sophisticated KYC (know your customer) and AML (anti money laundering) procedures that enables access when there is legal grounds but keeps everything anonymous in all other circumstances. After all, the legacy bank systems are themselves arcane, complex, and vulnerable, which means there is room for innovation.

Lastly, let's also remember that the current system doesn't work for everybody. As a business man in my sixties, I have access. The current system works relatively well from my perspective. But what about the poor but hard working farmer? What about the billions of unbanked that have no way of accessing a bank account, much less credit to build their lives?

From their perspective, what we have today clearly doesn't work. And the regulatory patchwork makes it even harder for them. It's unacceptable. Bitcoin's protocol should enable an ecosystem of applications that may change that because many more people will have access to mobile phones and the internet than have access to traditional financial infrastructure.

One hundred years ago, in the Roaring Twenties, the young Howard Hughes produced *Hell's Angels*, a World War I epic famous for its spectacular aerial battle scenes. (It was originally conceived as a silent starring Greta Nissen, a Norwegian actress who was replaced due to her accent when Hughes decided the movie was going to have dialogue.) The war scenes were filmed in California and one problem kept delaying and increasing the production cost: the lack of clouds meant perspective was lost and so the planes appeared slow in the skies. Signs were put up that said "War Postponed—No Clouds Today!"

The reference point matters for your perspective.

### **Progress is inevitable**

Let me tell you a story about progress. In the early nineties, I was on holiday in Spain and both wanted and needed access to the daily fishing reports that I was used to getting by fax from the vessels in Alaska. To my great surprise the local electronic stores didn't sell fax machines. But lo and behold, I found a hairdresser in Marbella who owned one for rea-

sons I still can't imagine. He was not an eager seller, but I was a persistent buyer. I bought it from him and paid a silly price to get the information I needed. I saw him at the bar that night, enthusiastically laughing and drinking with his friends—there was no doubt he was a *happy* seller that day.

Smart phones were still fifteen years off. Progress is obvious after the fact.

At the end of the Second World War, world leaders agreed that all currencies could be exchanged at a fixed rate to U.S. dollars, and dollars would be redeemable for a certain weight of gold. The dollar became the world's reserve currency, replacing the British sterling, which once replaced the French livre. For 6,000 years, gold had been the most reliable store of value. As we saw for real estate, the price of various goods and assets don't change as much when measured in gold as opposed to fiat currency.

When Nixon abandoned the gold standard in 1971, a lot changed fundamentally.<sup>5</sup> Interest rates first spiked and have since fallen and caused a forty year perpetual bull market for bonds. The United States have ramped up significant debt and considerable pension liabilities. There is no shortage of global challenges either: rising inequality, climate change. More debt is probably the only source of funding these crises. As Warren Buffet famously said: "the "U.S. debt isn't going to be repaid; it's going to be refunded." The end game is clear. There will be a bond fire.

Gold survives bond fires. It cannot be increased to deflate the value (scarce), it is not perishable and can withstand time and use (durable), it can easily be stored and transported (portable), the value of any gold

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<sup>5</sup> While causality is not guaranteed for all of these correlations, readers should browse [wtfhappenedin1971.com](http://wtfhappenedin1971.com) for a set of interesting charts.

item can easily be related to another independent of form (fungible), and it can be divided into smaller amounts and re-assembled without loss (divisible). Bitcoin is like gold, but better.

Wells Fargo, once Warren Buffett's favourite bank, was founded in 1852. The bank used a stagecoach to transport valuables ranging from letters to gold, contracts to checks, in Wells Fargo's green treasure box under the driver's seat. The company employed and contracted shotgun messengers to guard them. "The kind of men you could depend on if you got into a fix," according to Wells Fargo's website.

For thousands of years, societies have mined for gold in all corners of the world with great sacrifices by people and the environment — even today. Once the gold is above ground, it must be protected at all cost. While I believe we do it in more sophisticated ways than Wells Fargo's shotgun messengers, the principle remains the same. Once again, large capital investments and high operational costs. Waste. Inefficiency.

We need progress.

Scarcity drives prices, whether we talk about watches or guitars, wine or cars, paintings or sculptures—all physical assets. Making digital assets used to mean it could be copied for free. Not anymore. Bitcoin can be verified, divided, re-assembled, stored, and transported at virtually no cost. It's the perfect scarce digital asset. By design. All that's required to keep the network running, is allocating the cheapest electricity in the world. Electricity secures the network. No trusted parties or people with guns are needed.

I call that progress.

Like gold, bitcoin has the ability to protect us against politicians who have the power to destroy our monetary base. Is that really necessary, you might ask? Ask Soviet pensioners whose policies are still honoured by the Russian government, although the value of those payments is bupkis because of hyperinflation in the 1990s. Strike up a conversation with a

Turkish worker the next time you are on vacation and ask how it feels to have your currency depreciate by almost 50 percent against the dollar in a single year. It has happened, it happens, and will happen again.

Many argue that governments may ban bitcoin, or that new regulation will destroy it. While it would require near global coordination, which seems implausible, we cannot disregard that the introduction of more friction for adoption, for example a ban on exchanges to limit people's ability to buy or sell, would make the asset less attractive. But we remain unconvinced and believe that proper regulation may actually increase interest in cryptocurrencies as institutions can participate.

Let us also remember that new financial applications that may be enabled by Bitcoin can improve lives. According to the World Bank, more than half of the global population has access to the internet today and coverage is increasing rapidly. Still, billions of people can't get access to a bank account. And even if they can, it's costly, cumbersome and slow. The current system mostly works, at least for privileged people in our part of the world. But banks remain inaccessible institutions for many. Let us all hope that can change.

The direction is clear: finance will be disrupted as surely as fossil fuels will be. The question is not if, but when. But I will offer two quotes as a reminder. The first is for the skeptics: George Bernhard Shaw, the Nobel winning playwright who was inspired and influenced by our own Henrik Ibsen, said: "progress is impossible without change, and those who cannot change their minds cannot change anything." And for those who are already convinced, recall late singer-songwriter Tom Petty's lyrics and remember that "the waiting is the hardest part."

## Joining the community

“Software is eating the world,” wrote venture capitalist Marc Andreessen in 2011. Much later, we saw it coming and as a consequence have founded three software companies in our group. Seetee will be the fourth. Again, it is not surprising to me that Andreessen Horowitz was one of the earliest believers in bitcoin, the largest investors in the space, and the first investors in Coinbase.

I am very happy that Sverke Lorgen, Snorre Lorgen, and Magnus Granath have decided to join Seetee. The team has been working, individually and as a group, on Bitcoin and related projects for many years already. Norwegians may remember Snorre and Sverke from their participation in the 1992 Summer Olympics, but we also knew the brothers to be early believers in Bitcoin from a blockchain seminar they hosted years ago. Previously, they spent more than a decade trading electricity. Magnus’ background is in education and technology, and he has been immersed in the Bitcoin community since 2013.

I realise that in some ways Aker is very late to this space. Obviously, some people understood the potential of this invention many years ago. But in so many other ways, as is demonstrated in everyday conversations with other people in business, we are also relatively early. My mind spins as I’m thinking about the opportunities and potential of this space. No doubt there will be disappointments. No doubt there will be hardships. And there will always be surprising twists and turns.

We believe the Bitcoin network has a real first mover advantage. Social adaptation will determine the future of it on a wider scale. People who are a lot smarter than us believe that bitcoin can increase in value by 10, or even 50 times, in the coming years. Given the huge lead, we are not convinced that other cryptocurrencies can challenge bitcoin given the

strong network effects; however, there is no such thing as certainty so we will remain painfully alert and passionately curious.

In any case, we have to expect a lot of volatility. But we don't care because we believe in the long-term functionality. We would never recommend relatives and friends to invest everything they have in bitcoin. It is a good rule of thumb to remember that there is uncertainty in everything. It's like a trial. You can be one hundred percent sure that you are correct, but even then, it is hardly more than eighty percent certain that you are right. The lawyers call it litigation risk.

Aker is the first major company in Scandinavia to allocate capital to bitcoin. We're not going to be the last. We don't claim to know everything about the subject. And as we have learned something, we realise that the concept of money is in essence somehow unknowable and constantly changing. Niels Bohr, the Danish Nobel Prize winner who made significant contributions to our understanding of atomic structure, once said about quantum mechanics: "If you think you understand it, that only shows you don't know the first thing about it".

Perhaps money is the same. But we are eager to learn more.

And we are truly excited about the prospect of being part of a community that is so full of talent. Intelligence. Creativity. Ambition. Youth. We can provide access to real-life industrial problems that may be difficult to access elsewhere. We are always curious and eager to learn. And more importantly, when we believe in something or someone, we are prepared to look like idiots for extended periods of time. In the words of the late Norwegian politician Einar Førde, a brilliant rhetoric who represented the Labor party, "you have to put yourself in the position to be labeled an idiot now and then—or else life would become too boring!"

But we are not alone in seeing a new monetary architecture on the horizon. Last year, bitcoin made significant progress towards becoming a mainstream investment. When investors with indisputable track records,

like Paul Tudor Jones and Stanley Druckenmiller, disclose that they have significant positions, everybody with a curious brain should pay attention. Companies like Tesla, Mass Mutual, Microstrategy, and Square have flagged positions, while Fidelity, Blackrock, Morgan Stanley, and other asset management behemoths are working to launch investment products for cryptocurrencies, which would make it easier for investors.

We believe bitcoin is going to be on the right side of history. But we should remind ourselves that some will resist forcefully: Norway was the last country in Europe to adopt colour tv in 1972, several years after the technology was available. The brilliant Einar Førde famously addressed the Norwegian Constituent Assembly<sup>6</sup> and said “[protesting colour tv is equivalent to saying] we accept that sin has come to Earth, but we don’t want it in colour.”

The future is defined by the young. Therefore, I encourage entrepreneurs with knowledge about, experience with, and big ideas and ambitions for Bitcoin to reach out to me and the others at Seetee. The bigger the dream, the more we listen, especially when those ideas have an industrial angle or can be a force for good. We are not just going to wait for the future—we want to join in building it as well!

Best regards,  
Kjell Inge Røkke

PS! I have written this letter and founded Seetee in close collaboration with Ola Snøve, who I have known and worked with for nearly fifteen years. He has contributed ten percent of the capital and will be Seetee’s Executive Chairman.

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<sup>6</sup> [https://www.nrk.no/video/debatt-om-fargejernsyn\\_257827](https://www.nrk.no/video/debatt-om-fargejernsyn_257827)

While our intellects have been shaped by different paths, we are equal in our curiosity and ambition. In our daily conversations about business, the universe, and everything in between, Bitcoin gradually became more prominent last year.

As new ideas were created, discussed, and refined, our beliefs aligned over time. This letter reflects the evolution of those conversations and must be read in that context. While the letter is now static, the discussions will continue.

One day, Ola was asked by one of our colleagues whether Seetee was too risky. He replied, “if this is too risky for Aker, it would be insanity for me. But to get long-term exposure to bitcoin, the ability to increase that with mining, and the chance to create new companies with some of the brightest minds in the world, is a once in a lifetime opportunity. It would be insane *not* to do it.”

I have seen Ola develop over many years. During that time he has been an important contributor to many of our companies, as well as Aker’s transformation in recent years. Given his willingness to invest a significant part of his net worth, and to be the company’s Executive Chairman, I am optimistic about our common journey with Seetee.