A Crypto Conversation with Trevor Koverko, CEO of Polymath

This CEO shares his journey from hockey player to blockchain entrepreneur.

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Questions about cryptocurrency and blockchain are some of the most common questions I get asked. So, in order to broaden my understanding of the market, I got in touch with Trevor Koverko, the CEO and co-founder of Polymath.

I've been working to learn more about the many opportunities for entrepreneurs in cryptocurrency, so I reached out to Trevor Koverko to do an interview on the subject. Trevor, I'm a sports guy, so I'm going to ask you right off the bat, how does an ex-hockey player get involved in crypto?

Trevor Koverko: It wasn't a straight line. There were zigs and zags along the way. Hockey was my first love and job. In Canada, that's pretty common, actually. My career highlight was getting drafted by the New York Rangers in 2005.

My personal growth from my hockey career centered around learning how to be part of a team, how to thrive in a ruthlessly competitive market and learning how to fail forward. After my career, I transitioned to "the real world." I enrolled in business school briefly but dropped out after two years to start my first company. I was 22 at the time.

A lot of entrepreneurs are struggling with whether they should go to school or whether they should drop out of school. Do you have any thoughts on that?

Don’t go to school to learn entrepreneurship. That is something you’ve got to learn by doing. You can’t just read it in a book and hope to learn by osmosis. There is no substitute for getting those miles on the odometer in the real world by creating value for customers.

The most important life lessons I learned happened in a business setting; in meetings, recruiting talent, learning how to fire people, getting mentors, reading books, etc. I always encourage young people to broaden their horizons, get out of the office and meet smart people.

I spent a year in China after I dropped out, to start my first company. That experience was super helpful in the future.

People ask me to explain blockchain, and I often struggle to effectively explain what blockchain is, or how or why you would invest in blockchain. The first question I have is, how did you get involved to be such a prominent figure within the blockchain community? And could you finally give me what I’m supposed to say to people when they ask about blockchain?

I like to say it’s magic internet money with a little bit of fairy dust sprinkled on top. In reality, the blockchain is an ownerless tool that makes the world more fair, democratic and transparent. That’s my Webster’s Dictionary definition.

As for how I got involved in blockchain, the story began when I was bought my first Bitcoin. I think the first one I actually have proof of buying was in 2012 when I bought one Bitcoin on eBay for 20 bucks. That was the “rabbit hole moment.”

This is back in the early, early days of cryptocurrency. Shortly after that, I invested that one bitcoin into the

Ethereum crowdsale and traded it for 2000 Eth. At one point that was worth about $2 million, making it the best $20 I've ever spent!

Why did you buy it in 2012?

I did one semester at a think tank called the Mises Institute, and a few people were talking about it then. I was just curious. To be honest, it really clicked with me right away.

I find, when you explain Bitcoin to someone it's a binary answer. They either go, "Yes, I get it," or they say, "This is stupid and makes no sense. Why does this need to exist?" I was definitely in the former camp.

I thought of it as money back in those days, even though it's become more of a store of value than money. I thought of it as, "Hey, this is a new currency that isn't issued by flawed and conflicted humans at a Central Bank." Right from the start, Blockchain and crypto appealed to me as a tech and economics geek.

It was really the convergence of a lot of things I was passionate about like monetary policy, economics, and tech. As soon as I saw some of my heroes, like Naval Ravikant and some other really high-level technical Silicon Valley VCs start talking about Bitcoin in 2014, 2015 it really strengthened my conviction that this was not just a fad.

I always knew that Bitcoin was such a big idea that even if there was only a small chance that it would prove to be stable, secure and tamper-proof, that it could change the world as we know it.

Now, you've bought your first coin. How does that evolve into being such a prominent figure within the context of blockchain?

Yeah, so that was step one. Then, step two was the first ICO

[initial coin offering]. It was called Mastercoin, and it was a new token based on the Bitcoin blockchain. That started the ICO boom. I was very involved in the early token movement; the altcoin movement. It wasn't even called altcoins back then, but new crypto projects were being created all the time like Made Safe, Factom, Counterparty, Colored Coins, Mastercoin.

These are all what I call the pre-Ethereum tokens that lived on the Bitcoin blockchain. At that point, I was hooked. Then, a year after that, around 2016, I started hearing about Ethereum. This was all happening very fortuitously in my backyard here in Toronto. That's where Vitalik [Buterin] is from and a few other of the Ethereum co-founders.

I started hanging out with those guys. I went to this place called Bitcoin Decentral, where all of us "crypto nerds" in the greater Toronto area would meet up and awkwardly talk to each other. It was amazing to be a part of because that's when the community started to form. Vitalik really started to emerge as a star. The Ethereum white paper came out and the crypto world changed forever.

That's awesome.

Yeah, it was a crazy journey and by that point, I was super plugged in. I was advising tons of other projects and investing in many of the early top projects. Then, I woke up one morning and, I was ready to launch something new. Up until then I was just advising and investing in other projects. At the time I was running a non-crypto private equity fund and I said, "I'm going to tokenize my fund." This was 2016, so back then this was a novel idea. And I set out to be the world's first dividend paying crypto. That was my big idea.

Most crypto isn't backed by anything real. There are no tangible assets underpinning them, there's no floor so they can and do go to zero. What if you could take something real and then tokenize it?

So we starting building. But, it turns out that what we were doing was actually a security. We were trying to issue a financial security. I didn't even really know or understand the implications of that at the time. So we asked ourselves, how do we issue a compliant token on a blockchain? Blockchains are open, immutable, and permission-less while security legislation is rigid, closed, and siloed off. How do we reconcile those two things?

And then came the big epiphany. We realized we were solving the wrong problem. Instead of launching this little tokenized micro-fund that what if we built a platform that made it easy for anybody to launch a security token? What if you want to tokenize your startup or you want to tokenize your Picasso painting?

We pivoted to build a platform where you could tokenize anything. The more we dug into it, the more we're like, "Holy crap. There are a lot of really interesting reasons that people would want to issue a security token, instead of a boring share certificate that lives in a filing cabinet, collecting dust."

Right. That makes total sense.

If you could have this live on a blockchain you can do a lot of interesting things. You can automate your back office with the way you issue dividends, or proxy voting, or compliance. You can do a lot of interesting things with cross-jurisdictional compliance between different countries, and their jurisdictional securities laws, and how they all interface together.

So we created Polymath, which literally means you're good at a lot of things, and we wanted to be good at helping a lot of different types of projects. And the rest is history.

Now, moving forward, what do you see next on the horizon, since you seem to have been two steps ahead of everybody?

That was one of our biggest strengths, taking action early, having a thesis, and diving in head first. That's what I've always done in my career. In mid-2019 we have that same approach. We're actually able to share with you that we're working on a really exciting project internally called Polymesh. It's a play on words because we thought it was time to re-architect what the security token stack looks like.

Today, about 90 percent of security tokens live on Ethereum. Polymath itself lives on Ethereum. We chose, for convenience reasons, to launch on top of Ethereum, because we knew the founders and it was right in our backyard. Ethereum was stable and it was live, so we could play with it and experiment in it. Over the last 18 months, as we've gained more users, more traction, learned a ton and made a ton of new partners, we've launched over 120 tokens on our platform. These are real, live tokens "in the wild," so we're really excited about that.

But, we had one problem, which was that we were on top of the Ethereum platform, which wasn't designed for securities. We think the security tokens of the future will not choose to live on blockchains of the past. They're going to want to live on something that's purpose-built for their needs. With something as important and as compliance-focused as securities, you need to get it right.

We've partnered with someone who I consider the number one blockchain architect in the world. His name's Charles Hoskinson.

Last question: Do you see blockchain surviving? Obviously, you're investing a lot in it, but do you think there's a chance that it couldn't survive? That it actually will, through regulation or politics be forced out? Way back when, in the '80s, they had a bartering system that everybody talked about, which was point based, which I think was like the original crypto. Do you foresee that regulation could force out the entire platform?

You know, I was worried for a time that that might happen. My biggest concern was always the “rent seekers.” The people who have an interest in the status quo, and who are intimidated by change and innovation. I’m not going to name names, but there’s a lot of different special interest groups out there where the last thing they want to do is to be dis-intermediated by new technology. They’re the ones causing a ruckus and spreading rumors about all kinds of shenanigans happening in crypto.

But, you know what? I think the cat’s out of the bag. It’s just like any major technology. A lot of people didn’t like the internet. A lot of businesses didn’t like automobiles. Now, some of the biggest critics of blockchain, like regulators, for example, are actually embracing it. They’re realizing that it’s making their life easier.

There are features of the blockchain that make it more transparent, that make it fairer, that consumers benefit from. I’m more optimistic than ever that the world is really educating themselves on the power of this technology and how it can make everybody’s lives better and save everybody money. It can ultimately make the world a better place.

For me, it’s been a fun journey from athlete to a startup entrepreneur. It’s a bit like being on the rollercoaster ride. A lot of ups and downs. I’m just really grateful for all the mentors, and the support that I’ve had, and the community that we’ve built. Polymath has one of the biggest communities in all of crypto. That’s what I take the most pride in. We work every day with our community that’s distributed in dozens of different countries all over the world. And we all work on the same mission-driven project. I’m very humbled to be a part of that.

Editor’s Note: This interview was edited and condensed for clarity.

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