

Blockchain Data Platform Chainalysis at the Cutting Edge of Institutionalising the World of Cryptocurrencies

Blockchain data platform Chainalysis was founded in 2014 on the thesis that the widely anticipated dramatic growth in cryptocurrencies and other digital assets would require specialists to analyse the market, delve into transactions and help maintain the credibility and trust of the investing public. Accordingly, Chainalysis set about its vision of creating compliance, regulatory, and investigative software that detects and prevents activities on the blockchain such as money laundering, terrorist financing, child exploitation, ransomware, and more. As such, US-headquartered Chainalysis has now become a major global component in building trust between the key players in this space – between law enforcement, regulators, cryptocurrency businesses, financial institutions and investors – so that the digital assets industry can continue to grow. And Chainalysis has now expanded well beyond its original remit to provide data and information services to a wide range of investors, from hedge funds to private banks, asset managers and even to major family offices, as those parties seek to expand their footprint in cryptocurrencies. Hubbis met recently with Joshua Foo, the firm's Singapore-based Regional Director for the ASEAN Region. He highlighted how the mainstream missions of the firm align so ideally with its efforts to educate the market and to provide the vital data that is boosting confidence and activity in this rapidly expanding market, which he noted accounted for an estimated USD2 trillion of transactions in 2020 alone. He is especially keen to promote the firm's relatively new Market Intel offering, designed to mine and filter the best data on which industry players and investors can make the best decisions.

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Chainalysis today provides

data, software, services, and research to government agencies, exchanges, financial institutions, and insurance and cybersecurity companies in over 60 countries. "Our data powers investigation, compliance, and market intelligence software that has been used to solve some of the world's most high-profile criminal cases and grow consumer access to cryptocurrency safely," Foo explains. "Backed by leading VC firms, we have grown very rapidly, and we are building out our name and offering in this dynamic Asian region."

cryptocurrency businesses around the world, providing data, software, and expertise on sophisticated cryptocurrency crime and market intelligence," he reports.

He says that the firm has built rapidly on its core offerings. "We have since evolved into a much larger company providing compliance solutions to crypto businesses like exchanges, payment service providers, investment firms, any company dealing with virtual assets, and we also provide data and solutions, to government agencies, very

"Any investor deciding how to invest in cryptocurrency while at the same time appropriately managing risk requires a sophisticated, data-driven investment strategy," he reports.

"A central mission for me in Asia is now to help educate and inform the market out here, and the wealth management community is central to our focus."

He says that in this relatively new and incredibly fluid and dynamic market, relevant and accurate information for when and how to make the right investments is rare. Accordingly, the mission for the Market Intel product is to deliver intelligence with metrics powered by the firm's proprietary dataset. "That in turn powers informed cryptocurrency investment decisions to help investors move beyond the hype in order to identify real-world investment opportunities in cryptocurrency," he elucidates.

"Armed with such outstanding source data, we can genuinely help investors of all types and sizes identify opportunities, from short-term trades to long-term strategies, with the most detailed and accurate dataset available. We are at the leading edge of professionalising the whole data delivery and analysis in this industry so that investors are properly educated and informed, and when looking at investing in crypto, they can see the true supply and demand and make properly informed decisions."

Strategic partner to the crypto industry

Foo explains that Chainalysis is now some seven years old and actually started by helping law enforcement investigate crimes involving cryptocurrencies, offering forensic style analysis on the flow of funds, and basically pointing them in the direction of where the money might have been laundered and where it might have ended up.

"Chainalysis today serves as a strategic partner to financial institutions, governments, and

regularly to central banks, and so forth," he reports. "And we are expanding all the time, offering outstanding data to help the investment community take a really professional approach to these assets."

Market intelligence

In particular, Foo is helping lead the charge to boost awareness of its proprietary 'Cryptocurrency Market Intel', which he explains provides investors with real-world data to help uncover and demystify crypto investment opportunities.

Optimising the best data

Foo adds that Chainalysis offers access to market-proven metrics from data that is trusted by governments, regulators, crypto businesses and financial institutions globally. "Armed with such outstanding source data, we can genuinely help investors of all types and sizes identify opportunities, from short-term trades to long-term strategies, with the most detailed and accurate dataset available," he says. "We are at the leading edge of professionalising the whole data delivery and analysis in this industry so that investors are properly educated and informed, and when looking at investing in crypto, they can see the true supply and demand and make properly informed decisions."



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Chainalysis

He explains that the firm is now therefore actively promoting the Chainalysis Market Intel offering globally. "We are on a drive to boost awareness of this product, and boost trust in us and the data in this APAC region, so that investors such as hedge funds, family offices, wealthy private clients and the advisors from private banks and other asset managers can see a much more complete picture of events," he reports.

Leveraging historical expertise

When investing in any asset, whether it's bitcoin or traditional choices, making strategic and risk-managed decisions naturally requires current and accurate data, strong analysis of market behaviour and conditions, and a comprehensive view that can identify trends and opportunities early enough to make use of them.

Foo adds that Chainalysis' history mining the absolute best data based on the firm's core expertise in crypto compliance is a major differentiating factor. "Our software is only as good as the underlying data, and

Getting Personal with Joshua Foo

Foo states with considerable pride that he was born, raised and educated in Singapore, and after high school, completed Computer Science studies at the prestigious National University of Singapore.

As the regional director of the ASEAN Region at Chainalysis, he spends his time addressing customer needs, building long-term relationships and driving business growth across South Asia, Hong Kong and Taiwan. Prior to joining Chainalysis, he spent 18 years in the IT and Cybersecurity space, managing infrastructure and security teams in the Singapore government before moving to the private sector as the sales director for FireEye, RSA and Carbon Black/VMware.

"A highlight for me was my work for four years in foreign affairs for the Singapore government, and that really opened my eyes to foreign diplomatic issues and engagement and how we can move for diplomacy across the entire world," he reports. "I learnt a lot in my time there, so that is a key highlight for me. And I later moved into the private sector, focusing on sales and learned a lot about how to run a sales organisation, what it means to drive sales, and so forth. The combination of diplomacy, government affairs and private business and entrepreneurialism has worked very well to propel my career forward."

Busy in his role for Chainalysis and happily married with four children aged from 10 to 18, he nevertheless even manages to find time for his love of music and guitars. "My guitar heroes are Eric Clapton and blues players such as Buddy Guy, although these days I'm more into jazz and mellower music. I have over 20 guitars as well, so as you can see, I love the instrument as well as the music."

He also finds enough spare time to volunteer for his local church. "Oh, and I also love eating; as you know, Singapore is rather good for that pastime too!"

Chainalysis is the only company that has been systematically collecting information that links real world entities to blockchain transactions since 2013," he states. "Blockchain data is the asset that can help public and private sector organizations understand the risks and opportunities surrounding this asset class and promote its adoption safely and responsibly. Put simply, we give investors of all

types an outstanding platform of knowledge from which to make better decisions."

With cryptocurrency, the thesis is that the best path for investors to perform this research and acquire the critical insights they need is a detailed analysis of the crypto's blockchain data. This analysis can show the exact moves both institutional investors



Key priorities

Foo reports his first mission is educating the market and building trust. "Educating the market for us means really getting out to the regulators, to the exchanges, and ultimately, to the person on the street," he reports. "We need to communicate our vision of what cryptocurrency really means and what it does and to aim to really build that trust and adoption for the market. That is our overall major mission."

Secondly, he wants to expand into different markets. "The pandemic has badly impacted a lot of countries like Malaysia, Thailand, the Philippines and hit our expansion plans and growth in those markets," he comments. "However, we want to build a presence in those markets. For example, in our latest report on cryptocurrency adoption, you can see that number one is in fact, Vietnam; that is an untouched market for us as yet. Hopefully, we will be able to travel, to engage on a face-to-face basis, rather than currently just over Zoom."

And the third mission is to support the ecosystem. "Many of our customers are currently right now undergoing the licensing process, whether it's in Singapore, in Hong Kong, even in Malaysia, or the Philippines, and we must ensure that process, whether it's from a regulators' perspective or from the customer's perspective, is being handled in the right way that benefits the industry. We must properly support them with our data, and we must make sure that we are able to deliver the features and the information to help them to get through that process."

and retail buyers are making at any given moment, what digitised assets they're holding, and how the wider market is responding to their behaviour amid other potential signals.

Three levels of subscriptions

Chainalysis recently announced the launch of three subscription options to Market Intel. Subscribers to Chainalysis's new paid Market Intel offerings will therefore have access to additional capabilities beyond the publicly available website of the same name that features

real-time data and insights into the cryptocurrency markets. "Market Intel subscribers can access the exclusive data, manipulate datasets to test hypotheses, access more comprehensive historical data, and more," Foo explains.

He also cites comments from Philip Gradwell, Chief Economist for Chainalysis, who is on the record stating that as cryptocurrency is booming, and as financial institutions are experiencing more demand for exposure to this asset class than ever before, anyone making investment decisions – including banks, venture

capital firms, and hedge funds – can now leverage Chainalysis' best-in-class data set and a team of experts to guide them. Accordingly, the right subscription package will significantly enhance global digital currency knowledge and decision-making.

"At Chainalysis," Gradwell states in a commentary, "we have a dataset that's similar to having a satellite view of all of the economic activity that's going on in cryptocurrency, and we can see in granular detail what assets large investors are buying or holding and how they're transferring them. You can use our

noting that can be seen clearly in the behaviour of most governments, which, aside from China, are largely looking at ways to regulate the industry while allowing the creativity that's within the industry to flourish.

"We can see that in the actions of the Financial Action Task Force and participating countries, there is a clear intention to properly police and regulate and professionalise this industry," he says. "The natural conclusion is that we firmly believe this industry is here to stay."

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library of analysis and on-chain data API to conduct cryptocurrency research and make investment decisions based on hard facts and far-reaching data while knowing where you are in a cycle."

Far more (regulated) growth ahead

Foo observes that the cryptocurrency industry remains on a rapid expansionary trajectory,

It is also a vast and rapidly growing space, worth, he reports, some USD2 trillion in transactions, and with more and more institutional investors coming in and more and more licences issued, for example, in this region in Singapore, Korea, Japan and so forth.

Foo observes that the continuously declining fiat currency interest rates in recent

years had helped as a major factor driving investors towards crypto. "Many buyers have a long-term view that Bitcoin will produce incredible long-term gains, even if short-term trading sees investors buy back into the traditional financial markets when those are rallying," he reports. "But the underlying reality is that more and more of the wealth management community are starting conversations on crypto, buying into the market, diversifying their overall portfolios. And we are helping the industry significantly with better information on compliance and underlying investment trends and metrics."

Exciting times ahead

Foo closes the conversation by reiterating that Chainalysis has set its stall out to institutionalise and professionalise this relatively new but rapidly expanding market. "The cryptocurrencies universe is here to stay, and it is expanding rapidly," he says. "Any investor taking any position in crypto, whether Bitcoin, or some of the many others, needs the optimal information for the best-informed decisions. And the better regulated and better monitored the market, the better it will be for all parties concerned." ■

