



The Bitcoin Revolution

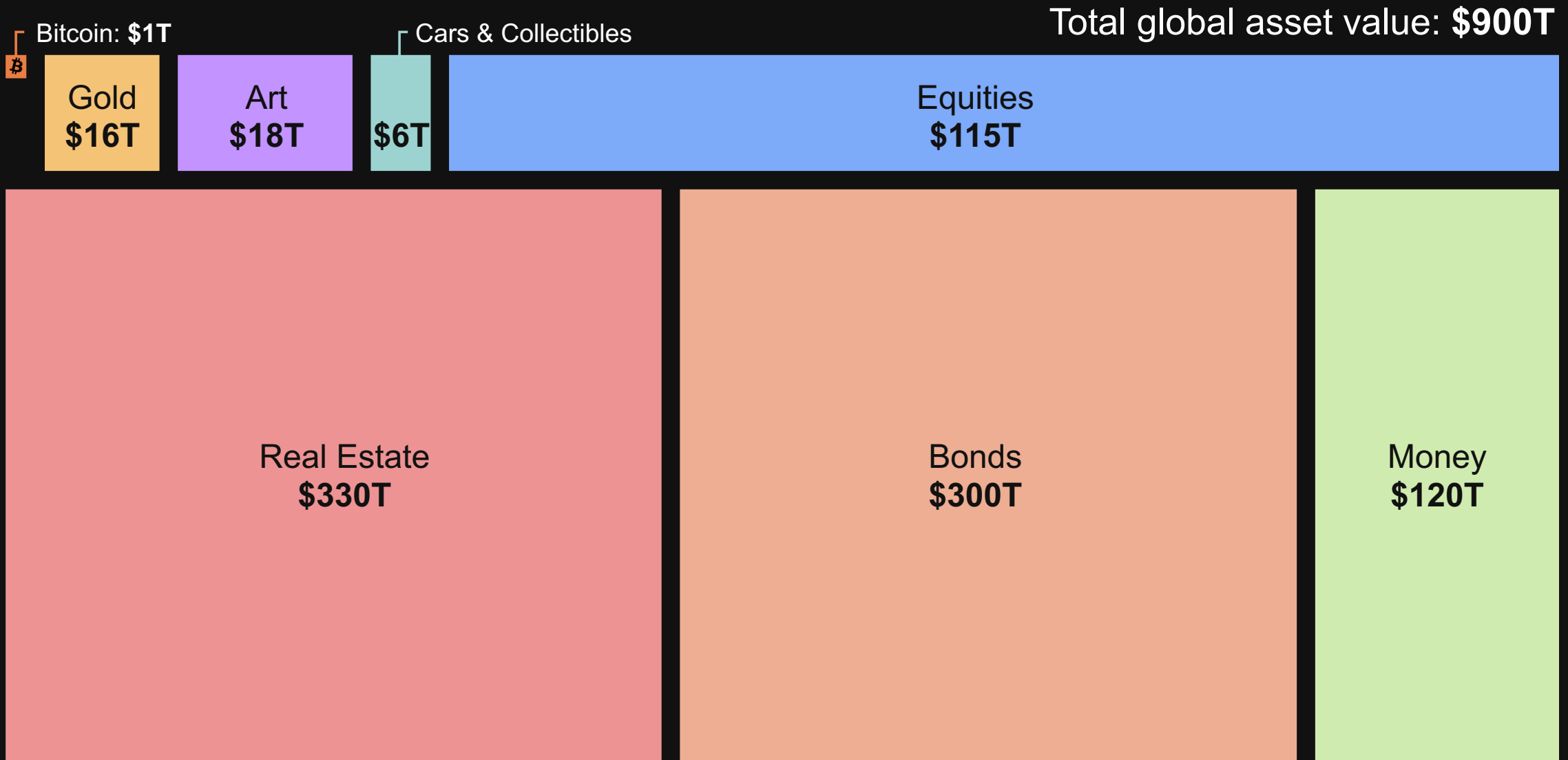
Rebuilding our Global Economy with
Digital Capital

Michael Saylor

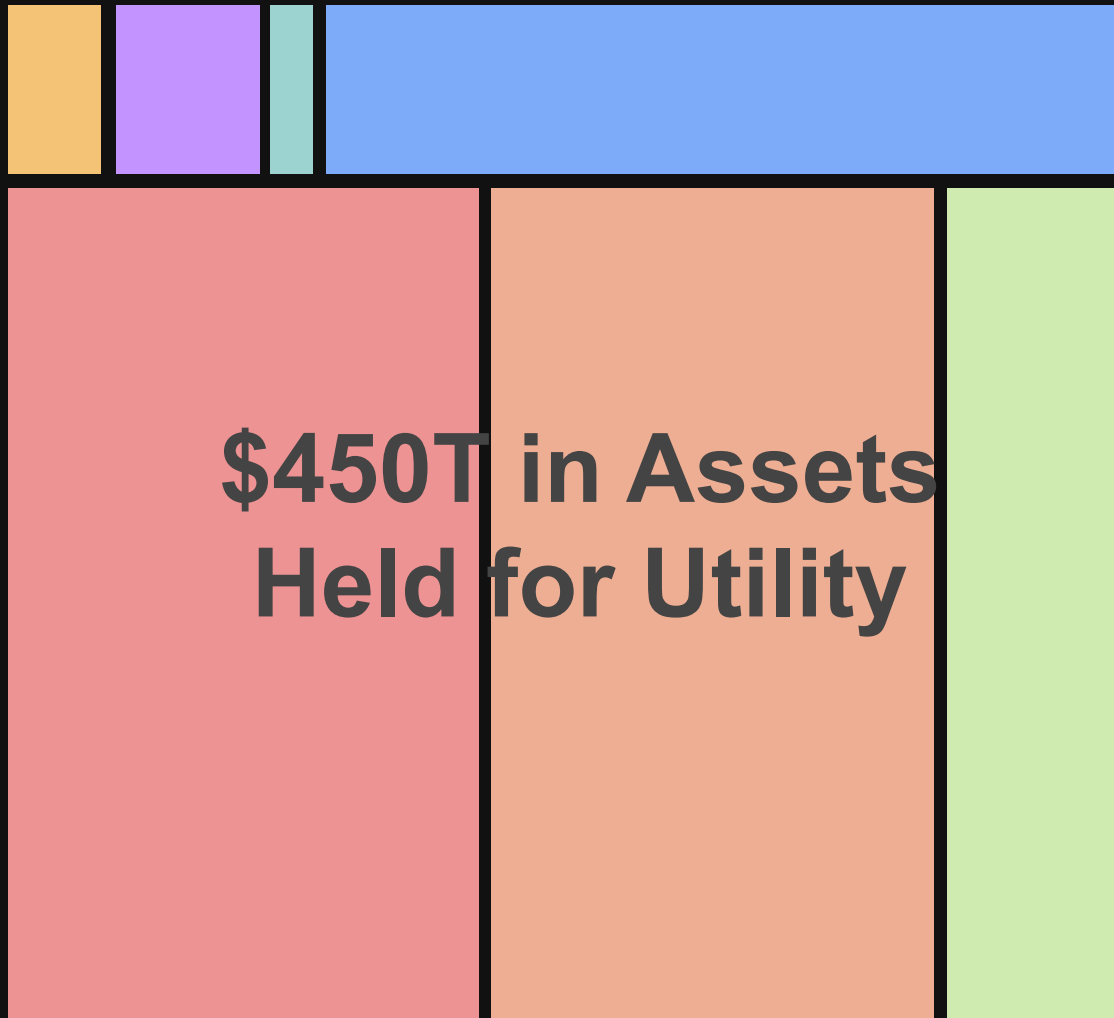
**The world as we know it is based
on 20th century ideas and
technology.**

**If we wish to prosper in the 21st
century, we need new ideas
based on new technology.**

Global Wealth is Stored in Physical and Financial Assets



These assets (a) provide utility and (b) preserve capital.



**\$450T is
Long Term Capital
(Store of Value)**

The global economy struggles because it relies on imperfect assets and crippled systems.

**How do we engineer a better
economic system?**

If you wish to understand the universe, think in terms of energy, frequency, and vibration.



Energy = Money
= Capital
= Wealth

Frequency = Duration
= Lifespan

Vibration = Trade
= Transfer
= Transform



First Law of Money

$$L = V/M$$

L = Lifespan of Asset

V = Value of Asset

M = Maintenance Cost



Many individuals and most corporations use financial assets to preserve capital.

Financial Assets

Inflation is 98% over the past four years in Argentina (ARSUSD 135 to 1420 is 90% loss).



ARS

2 years

Low useful life

High useful life

Financial Assets

Inflation is ~48% during past four years in Turkey (TRYUSD from 7.3 to 32.8 is 78% loss).



3 years



ARS (2y)

Low useful life

High useful life

Financial Assets

The supply of USD has increased approximately 7% yearly for the past century (99.9% loss).



14 years



ARS (2y)



TRY (3y)

Low useful life

High useful life

Financial Assets

Hedge Funds charge 2% fee and 20% performance fee (~4% of assets annually).

HEDGE
FUND

25 years



ARS (2y)



TRY (3y)



USD (14y)

Low useful life

High useful life

Financial Assets

Assuming 7% monetary inflation and 3.5% after tax yield, UST offer a negative real yield of 3.5%.



30 years



ARS (2y)



TRY (3y)



USD (14y)



Hedge Fund (25y)

Low useful life

High useful life

Financial Assets

Active managed mutual funds and ETFs charge 1% fee, Passive funds have implied risk of 1% or more.

1000 years

MUTUAL
FUND



ARS (2y)



TRY (3y)



USD (14y)



Hedge Fund (25y)



UST (30y)

Low useful life

High useful life

Financial Assets

Financial Assets constantly degrade in value due to inflation, regulation, and political chaos.



ARS (2y)



TRY (3y)



USD (14y)



Hedge Fund (25y)



UST (30y)



Mutual Fund (100y)

Low useful life

1

Year

High useful life

100

Years

**Inflation dilutes
the value of
Financial Assets.**



Inflation is just the tip of the iceberg...

Regulation, taxation, competition, obsolescence, incompetence, and catastrophe dilute capital.

Tariffs

Tolls

Torts

Trading

Transfers

Insurance

Storage

Spreads

Licensing

Taxes

VAT/Sales

Excise

Capital Gains

Income

Dividend

Inheritance

Gift

Property

Competition

Weather

Accident

War & Crime

Regulation

Obsolescence

Incompetence

Politics

Catastrophe

**Frustration with financial assets
cause individuals, corporations,
& institutions to turn to physical
assets to preserve their capital.**

Physical Assets

Exotic sport cars come with high insurance, storage, fuel, maintenance, tax & depreciation expenses.

FERRARI



5 years

Low useful life

High useful life

Physical Assets

Annual operation of a yacht is 10% of purchase price, depreciation is 5% more.

YACHT



6 years



Ferrari (5y)

Low useful life

High useful life

Physical Assets

A \$10 million home in Miami cost ~\$600k per year in tax, insurance, utilities, maintenance, & upkeep.

HOME



17 years



Ferrari (5y)



Yacht (6y)

Low useful life

High useful life

Physical Assets

The stock to flow of silver is 22, which means that investors are being diluted 4.5% annually.

SILVER



22 years



Ferrari (5y)



Yacht (6y)



Home (17y)

Low useful life

High useful life

Physical Assets

The average life of a warehouse is 40 years, then it will need to be rebuilt for the new economy.

WAREHOUSE



40 years



Ferrari (5y)



Yacht (6y)



Home (17y)



Silver (22y)

Low useful life

High useful life

Physical Assets

The stock to flow of gold is 62, annual dilution of 1.6%. Taxes, transport & storage risk reduce life further.

GOLD



62 years



Ferrari (5y)



Yacht (6y)



Home (17y)



Silver (22y)



Warehouse (40y)

Low useful life

High useful life

Physical Assets

A rare painting comes with storage, insurance, restoration, & transport fees, plus cultural risk.

PAINTING



72 years



Ferrari (5y)



Yacht (6y)



Home (17y)



Silver (22y)



Warehouse (40y)



Gold (62y)

Low useful life

High useful life

Physical Assets

The average property tax in the United States is 1.1%, we assume no increase in property assessment.

LAND



91 years



Ferrari (5y)



Yacht (6y)



Home (17y)



Silver (22y)



Warehouse (40y)



Gold (62y)



Painting (72y)

Low useful life

High useful life

Physical Assets

The oldest major real estate holding in the US is the King Ranch in Texas, dating back to 1851.

KING RANCH



173 years



Ferrari (5y)



Yacht (6y)



Home (17y)



Silver (22y)



Warehouse (40y)



Gold (62y)



Painting (72y)



Land (91y)

Low useful life

High useful life

Physical Assets

Passed between Norman, Plantagenet, Lancaster, York, Tudor, Stuart, & Hanover families since 1066.

CROWN ESTATE



958 years



Ferrari (5y)



Yacht (6y)



Home (17y)



Silver (22y)



Warehouse (40y)



Gold (62y)



Painting (72y)



Land (91y)



King Ranch (173y)

Low useful life

High useful life

Physical Assets

Physical Assets constantly degrade in value due to the laws of entropy and political chaos.



Low useful life

1
Year

High useful life

1,000
Years

**Entropy dilutes
the value of
Physical Assets.**



Entropy understates the risks that imperil property

Property taxes, economic & political chaos, crime, catastrophe & competition all dilute physical capital.

City Tax

County Tax

State Tax

Federal Tax

Transfer Tax

Usage Tax

Rent Control

Price Control

Culture Shock

Competition

Discrimination

Recession

Currency

Expropriation

Tenants

Technology

Traffic

Torts

Weather

War

Flood

Decay

Accident

Crime

Catastrophe

Insurance

Energy

Something I learned at MIT



Three Laws of Thermodynamics

1. You can't win.
2. You can't break even.
3. You can't get out of the game.

**What if you could
find a way out of
the game?**



**Then you could
break even.**



**Then you could
win.**



**Satoshi
found a way,
gave it away,
and went away.**



**Bitcoin is
Digital
Capital.**



**Bitcoin is
Immortal,
Immutable, &
Immaterial
Capital.**



**The solution to the world's
economic dilemma is the
transformation of our capital
from financial & physical assets
to digital assets.**

Digital Assets

Bitcoin has no exposure to the forces that dilute financial & physical assets, and cost 10bp to custody.



BTC
w/CUSTODIAN

1,000
years

Low useful life

High useful life

Digital Assets

Bitcoin in self-custody at scale avoids all counterparty risk and costs ~1bp to maintain.



10,000 years

BTC
SELF-CUSTODY



BTC w/Custodian (1000y)

Low useful life

High useful life

Digital Assets

Bitcoin can be held by an AI for the cost of the electricity to remember the private keys (~0.1bp).



100,000 years

BTC
AI CUSTODY



BTC w/Custodian (1000y)

Low useful life



BTC Self-Custody(10,000y)

High useful life

Digital Assets

Bitcoin is the best store of value asset yet discovered, and the only way to preserve capital indefinitely.



BTC w/Custodian (1000y)



BTC Self-Custody (10,000y)



BTC in AI Custody (100,000y)

Low useful life

1,000
Years

High useful life

100,000
Years

Bitcoin is a revolutionary advance in economics.



Consumption

Saving

1
Years

10
Years

100
Years

1,000
Years

10,000
Years

100,000
Years

**If you would be rich,
trade wisely.**

Temporary for Permanent
Currency for Capital
Fragile for Resilient
Local for Global
Physical for Digital
Security for Commodity
Commodity for Scarcity

Some great trades in history

The Dutch buy Manhattan for 60 Guilders

Natives sold the greatest port in the New World to a country that understood Naval Power.



Manhattan Purchase

Value: \$2.1 Trillion

Gain: 10,500,000,000 X

ARR: 6% for 398 years



France sells Louisiana to the US for \$15m

Napolean was fighting for the Old World. Jefferson was growing in the New World.



Louisiana Purchase (27% of 48 States)



Louisiana
828,000
square miles
land mass
purchased in
1803

Value: \$12 Trillion

Gain: 800,000 X

ARR: 6.3% for 221 years

Russia sold Alaska to the US for \$7.2 Million in 1867

“Seward’s Folly” illustrated courage and clarity of vision in the aftermath of the American Civil War.



Alaska Purchase (19% of 48 States)



Value: \$1 Trillion (Oil)

Gain: 139,000 X

ARR: 7.8% for 157 yrs

What is Bitcoin worth?

**\$450t x 3% annual dilution
= \$13.5t per year**

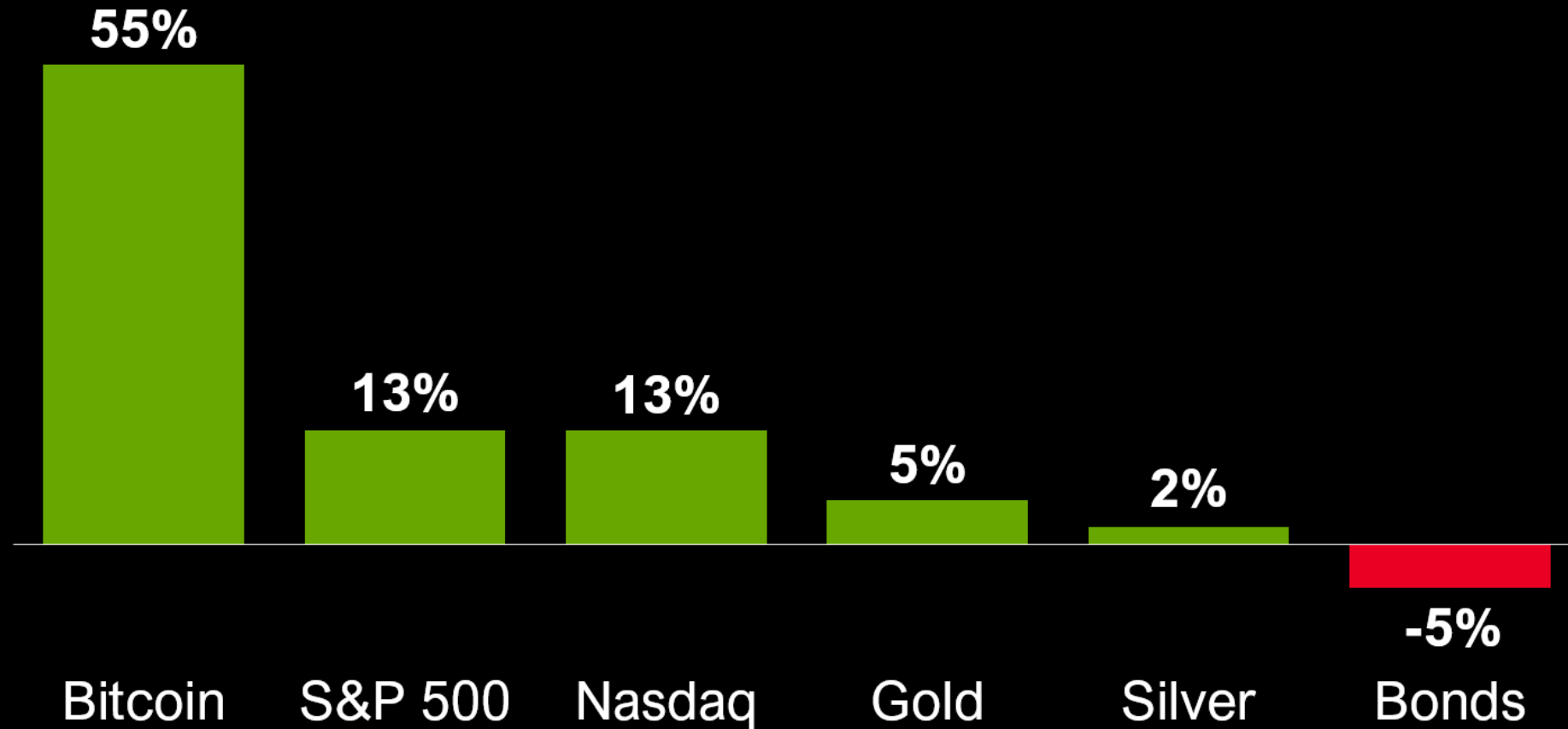
or

**\$13.5t x 20 (P/E multiple)
= \$270 Trillion**

The economic benefit to the world of digital capital is more than \$10 trillion annually.



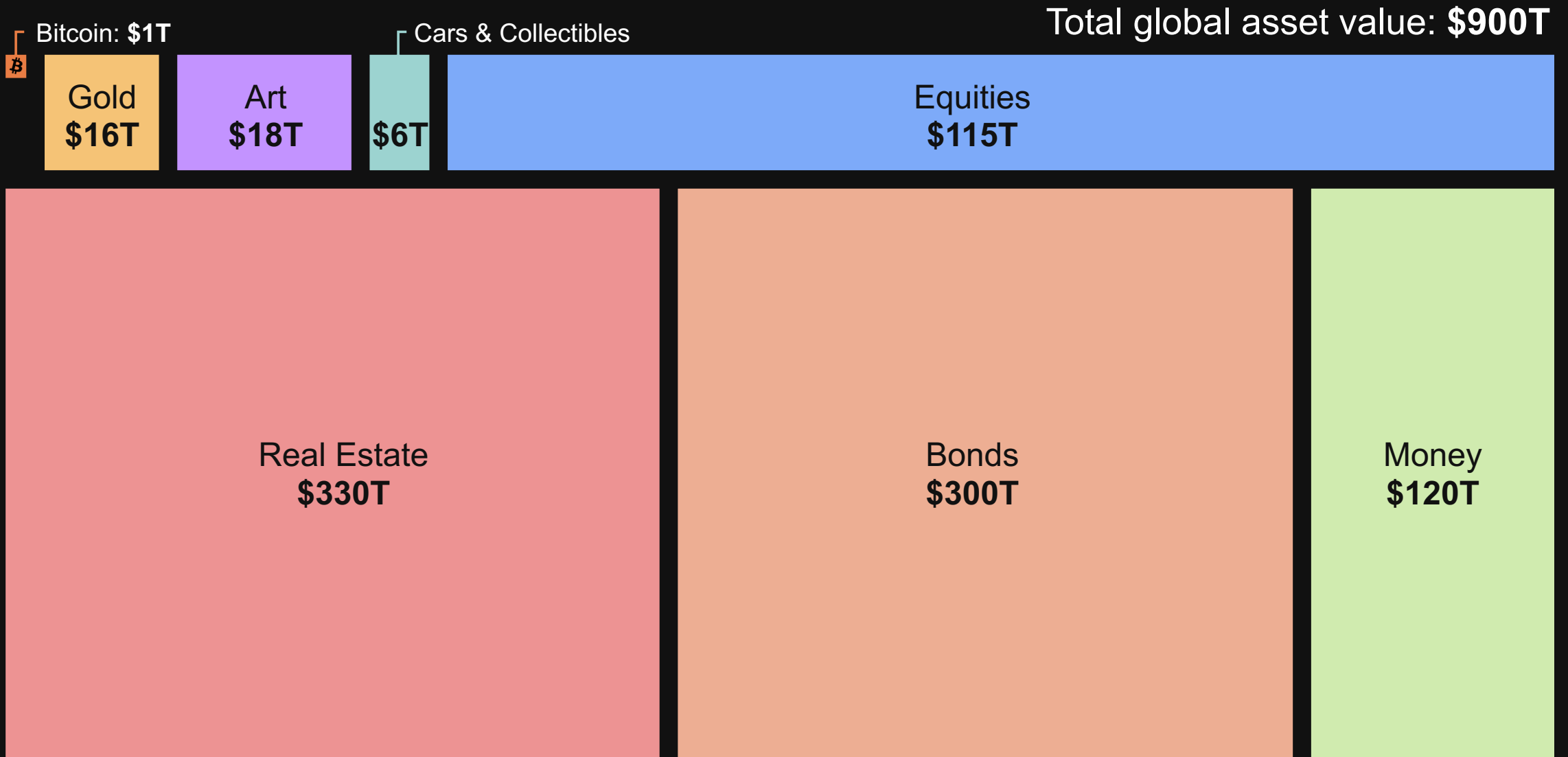
Reality Check: Bitcoin is outperforming all asset classes



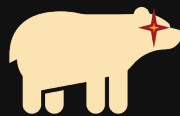


Annualized rate of return since August 10, 2020, when MicroStrategy adopted its bitcoin strategy.

Source: FactSet as of 4:00pm Eastern Time on July 19, 2024.

Global wealth is being redistributed by digital forces.



Bitcoin 21-Year Price Forecast

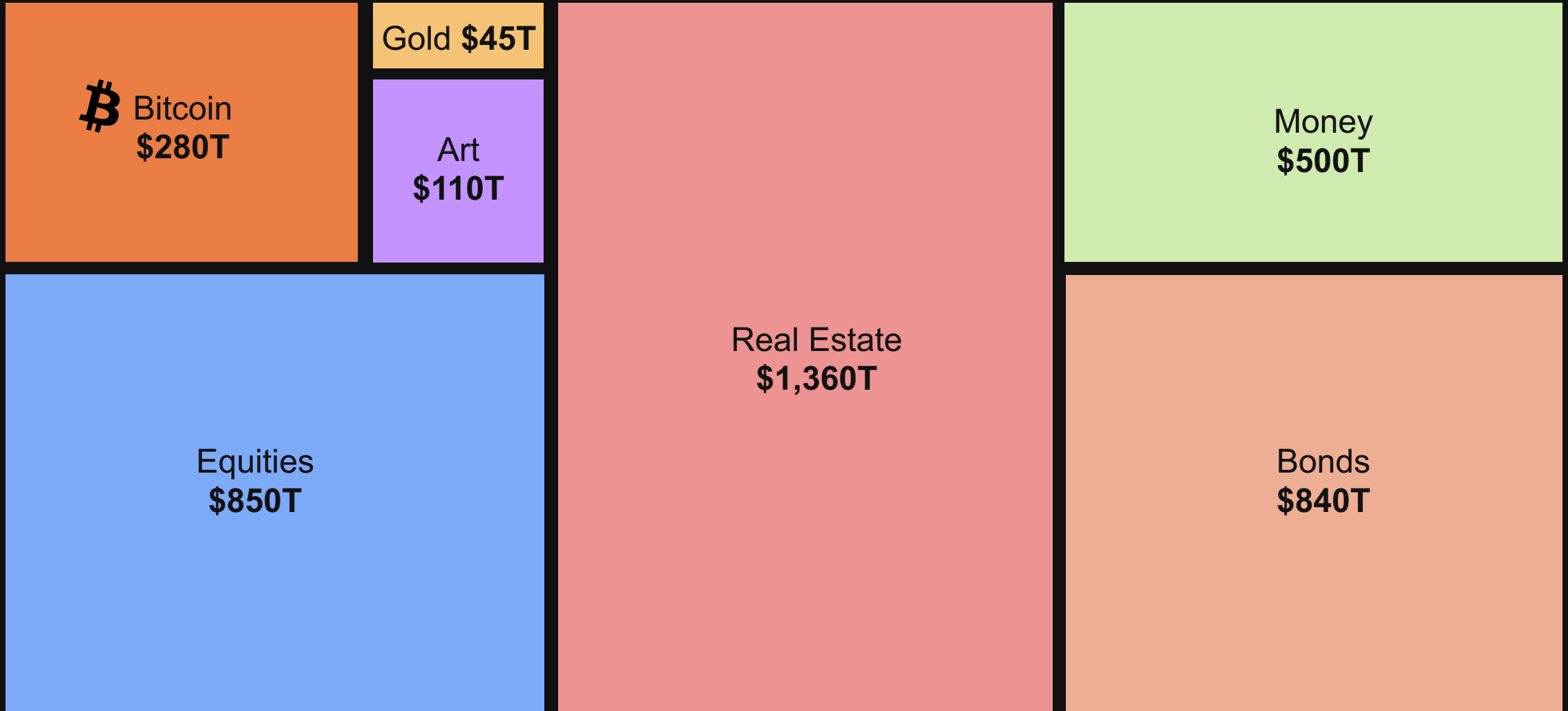
	2024	2045		
		Bear	Base	Bull
				
₿ Price	\$65K	\$3M	\$13M	\$49M
₿ % of Assets	0.1%	2%	7%	22%
₿ Market Cap	\$1.3T	\$68T	\$280T	\$1,030T
₿ ARR		21%	29%	37%

Macro 21-Year Forecast

	2024		2045		
	Market Cap (\$T)	%	Market Cap (\$T)	%	ARR
Bitcoin	\$1	0.1%	\$280	7%	29%
Gold	\$16	2%	\$45	1%	5%
Art	\$18	2%	\$110	2%	9%
Equity	\$115	13%	\$850	21%	10%
Real Estate	\$330	37%	\$1,360	34%	7%
Bonds	\$300	33%	\$840	21%	5%
Money	\$120	13%	\$500	12%	7%
Total	\$900	100%	\$4,000	100%	7%

Macro Assets will shift toward Equity & Bitcoin by 2045

2045 Total global asset value: \$4,000T



What is Bitcoin worth to you?

Individual Bitcoin Strategy

Maximize your earning power, invest wisely, and stay focused.

Do:

Make BTC your primary treasury asset

Convert excess earnings into BTC

Utilize subsidized credit to invest in BTC

Invest in tax efficient entities & domains

Don't:

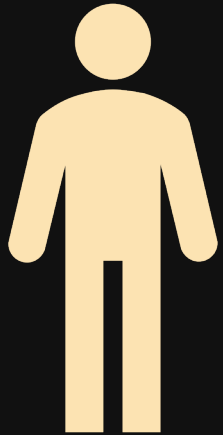
Quit your day job

Lose your focus on Bitcoin

Use margin loans or trade with leverage

Individual Bitcoin Strategy

Traditional strategy is to invest in residential real estate, stocks, and bonds.



- \$1M assets including \$500K home
- \$250K mortgage at 5% interest rate
- Portfolio invested in equity and bonds

- \$200K earnings growing at 5% per year
- 25% savings rate
- Ability to invest \$50K excess earnings

2024 Net Assets = \$750K

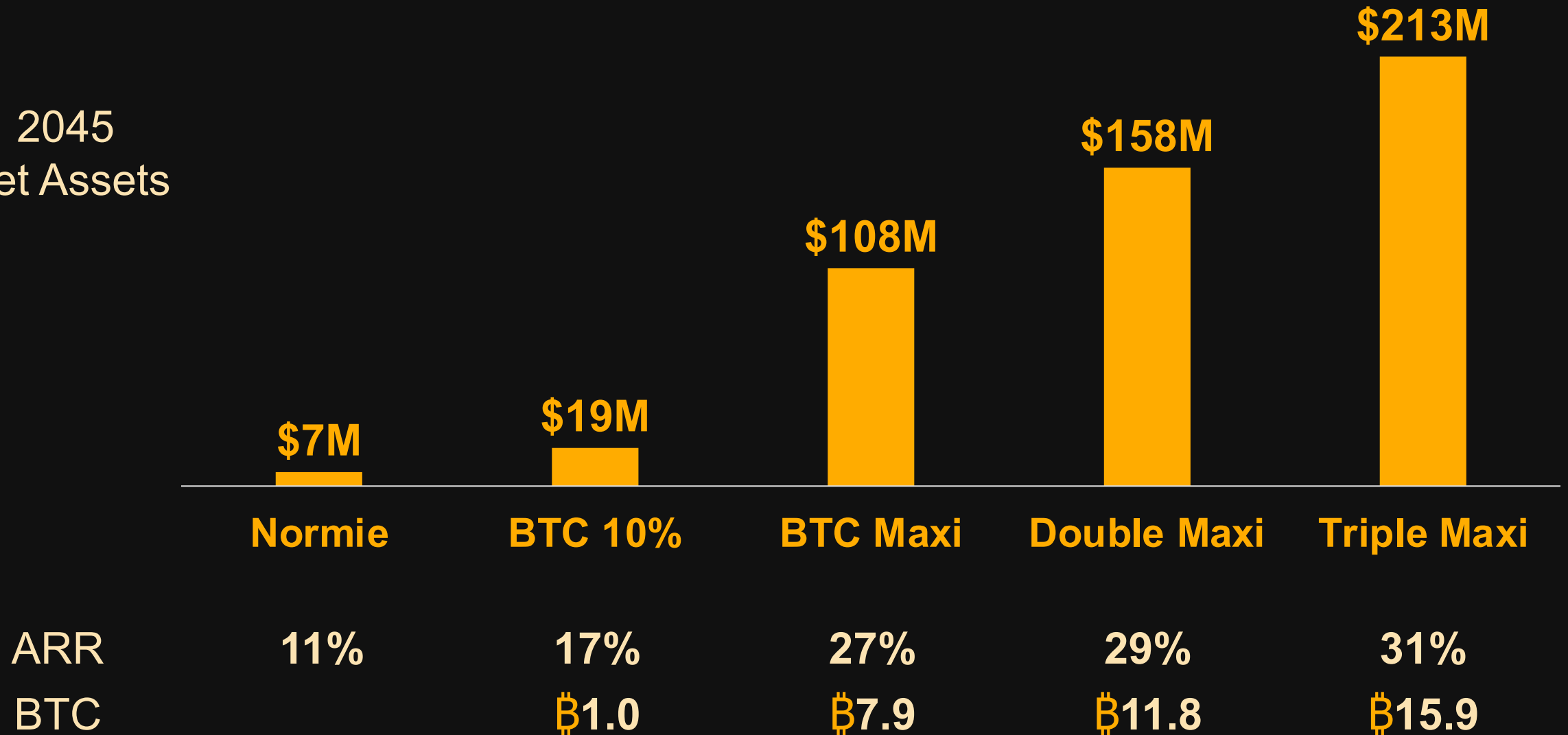
Individual Bitcoin Strategy

The primary performance levers are portfolio allocation, intelligent leverage, and tax efficiency.

	Normie	BTC 10%	BTC Maxi	Double Maxi	Triple Maxi
Portfolio converted to BTC	0%	10%	80%	100%	100%
Excess earnings converted to BTC		10%	80%	100%	100%
Increased mortgage to invest in BTC				\$125K	\$250K
Move to low tax jurisdiction					\$50K/year tax benefit

Individual Bitcoin Strategy

2045
Net Assets



Corporate Bitcoin Strategy

Build a strong capital structure and avoid dilutive financial practices.

Do:

Convert Long Term Capital to BTC

Convert Free Cash Flow to BTC

Issue Equity to buy BTC when accretive

Issue Debt to buy BTC when accretive

Don't:

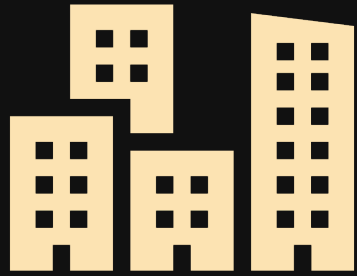
Bleed Capital via Taxable Dividends

Surrender Capital via Stock Buybacks

Dilute Shareholders with Risky Overpriced M&A

Corporate Bitcoin Strategy

Traditional strategy is return capital to investors and avoid volatility.



- \$100M cash flow growing at 5% per year
- \$1B Enterprise Value
- \$200M debt at 10% interest rate, \$50M cash
- 100% of cash flow given as dividends (37% tax)

2024 Share Price = \$100 / share

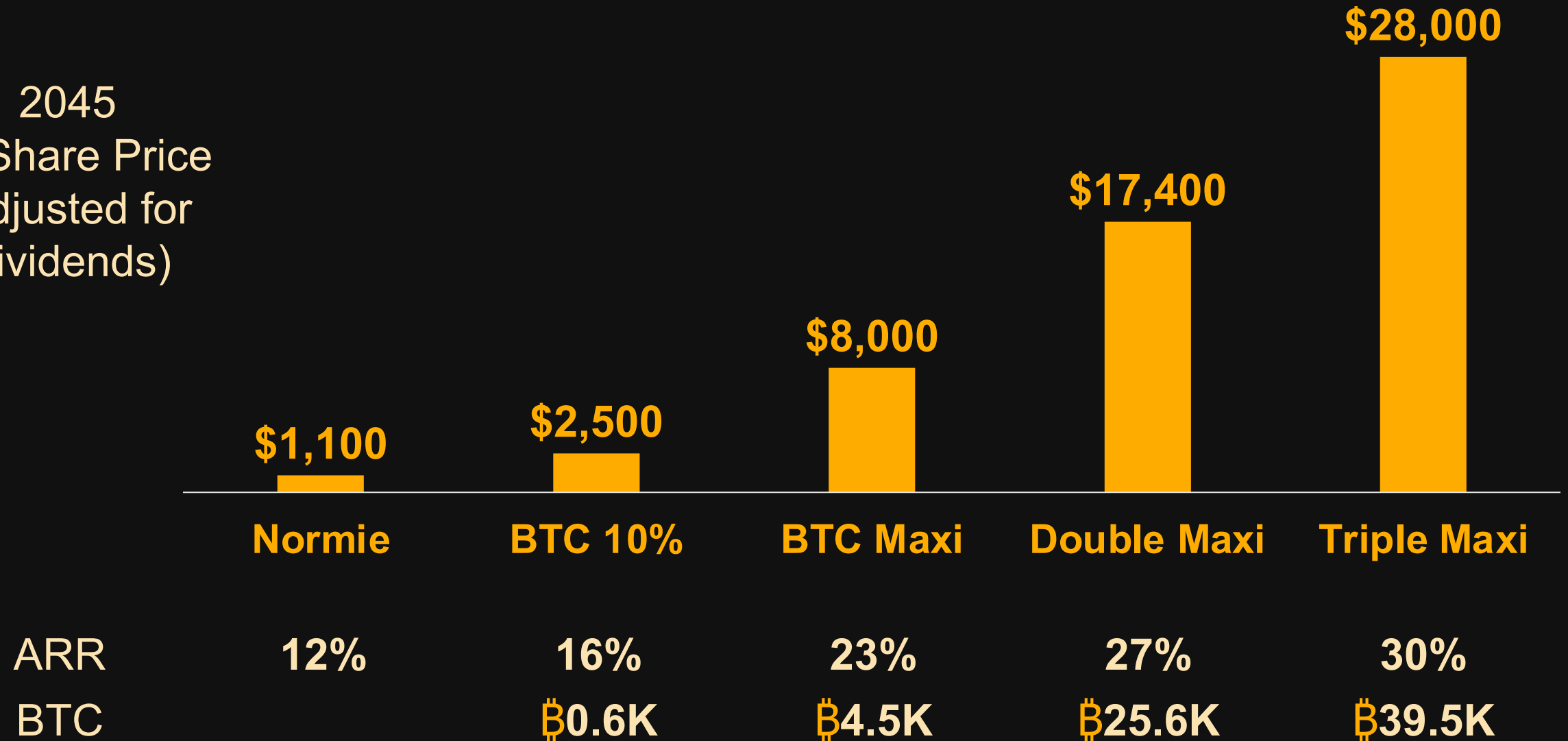
Corporate Bitcoin Strategy

Performance levers are treasury policy, use of cash flows, leverage, and capital markets activity.

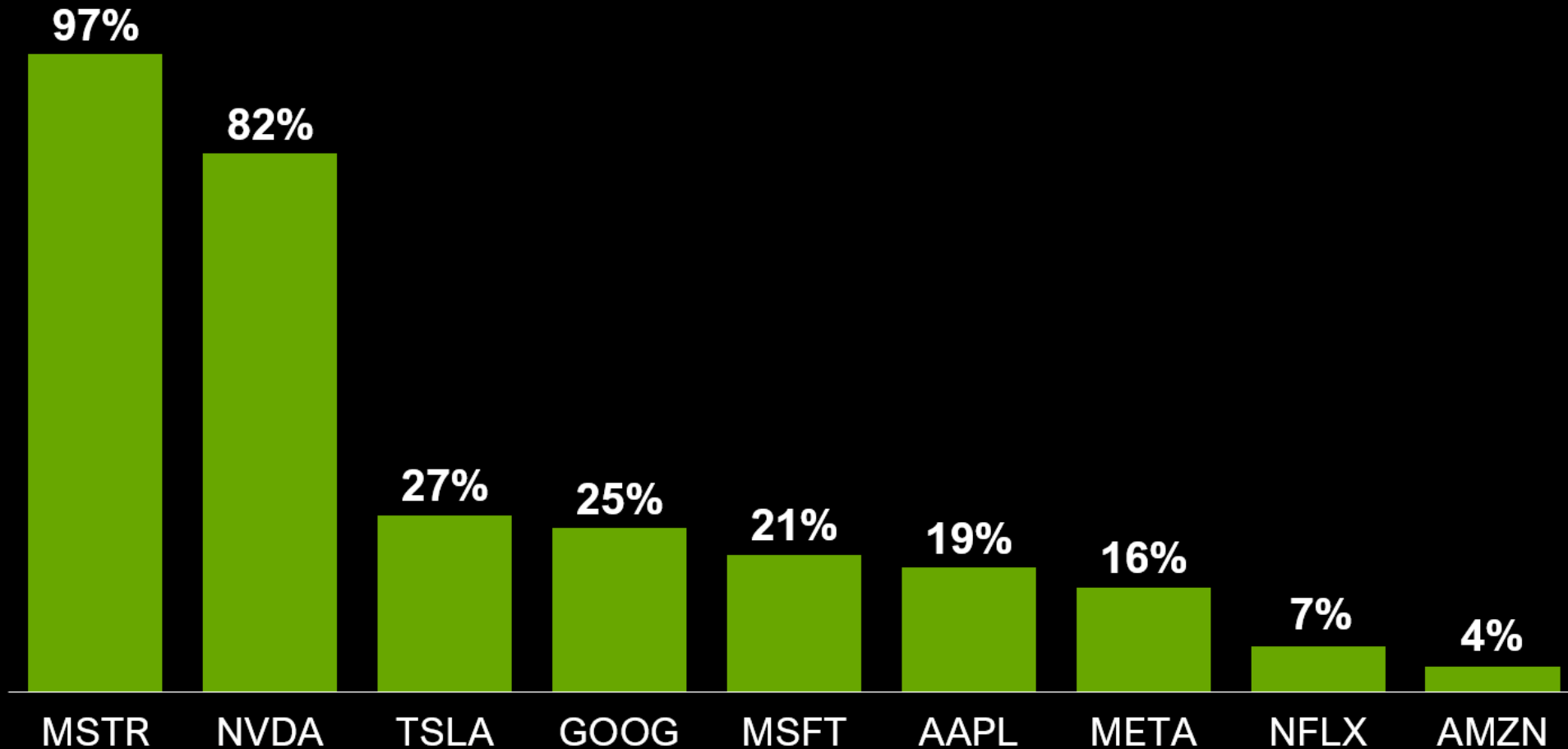
	Normie	BTC 10%	BTC Maxi	Double Maxi	Triple Maxi
Treasury converted to BTC	0%	10%	80%	100%	100%
Cash flow invested in BTC		10%	80%	100%	100%
Equity issued per year (% dilution)				5%	5%
Debt issued per year (% LTV cap)					10%

Corporate Bitcoin Strategy

2045
\$ / Share Price
(Adjusted for
Dividends)



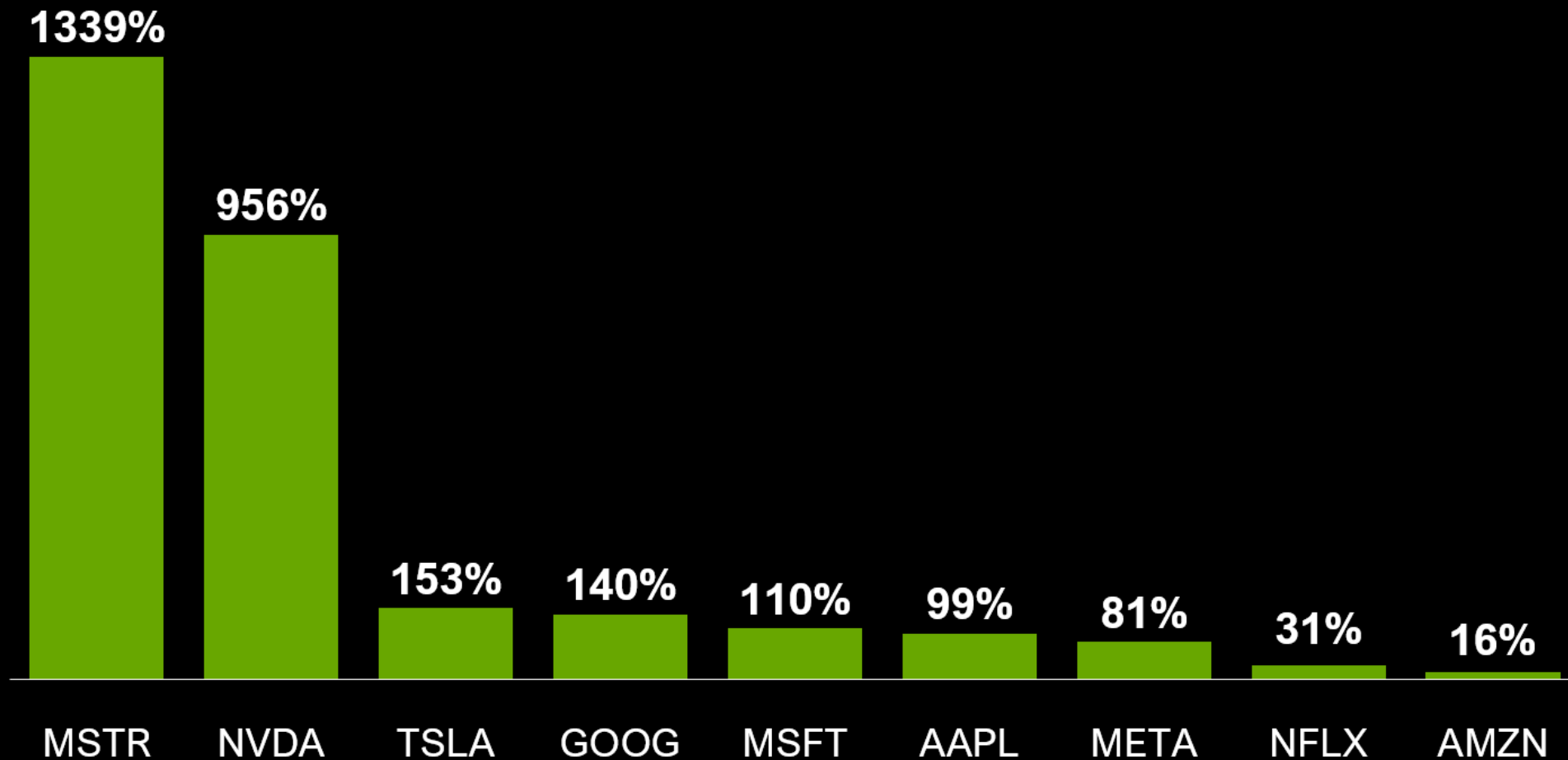
Reality Check: Corporate Triple Maxi Strategy



Annualized rate of return since August 10, 2020, when MicroStrategy adopted its bitcoin strategy.

Source: FactSet as of 4:00pm Eastern Time on July 19, 2024.

Reality Check: Corporate Triple Maxi Strategy



Stock performance since August 10, 2020, when MicroStrategy adopted its bitcoin strategy.

Source: FactSet as of 4:00pm Eastern Time on July 19, 2024.

Institutional Bitcoin Strategy

Make wise investments, manage portfolio risk, and benefit from advances in technology.

Do:

Modify your charter to allow investment in BTC

Reallocate from short to long duration assets

Use BTC rather than S&P as Cost of Capital index

Use intelligent leverage when available to hold BTC

Don't:

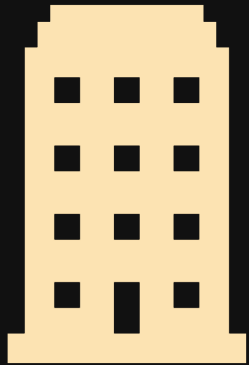
Hold currencies or currency derivatives

Hold securities valued on cash flows & human labor

Hold BTC ETPs if you can custody actual BTC

Institutional Bitcoin Strategy

Traditional strategy is a diversified portfolio of equity, bonds, property, and alternative assets.



\$1B asset portfolio:

- 45% equity
- 30% real estate
- 20% bonds
- 5% gold

2024 Net Assets = \$1B

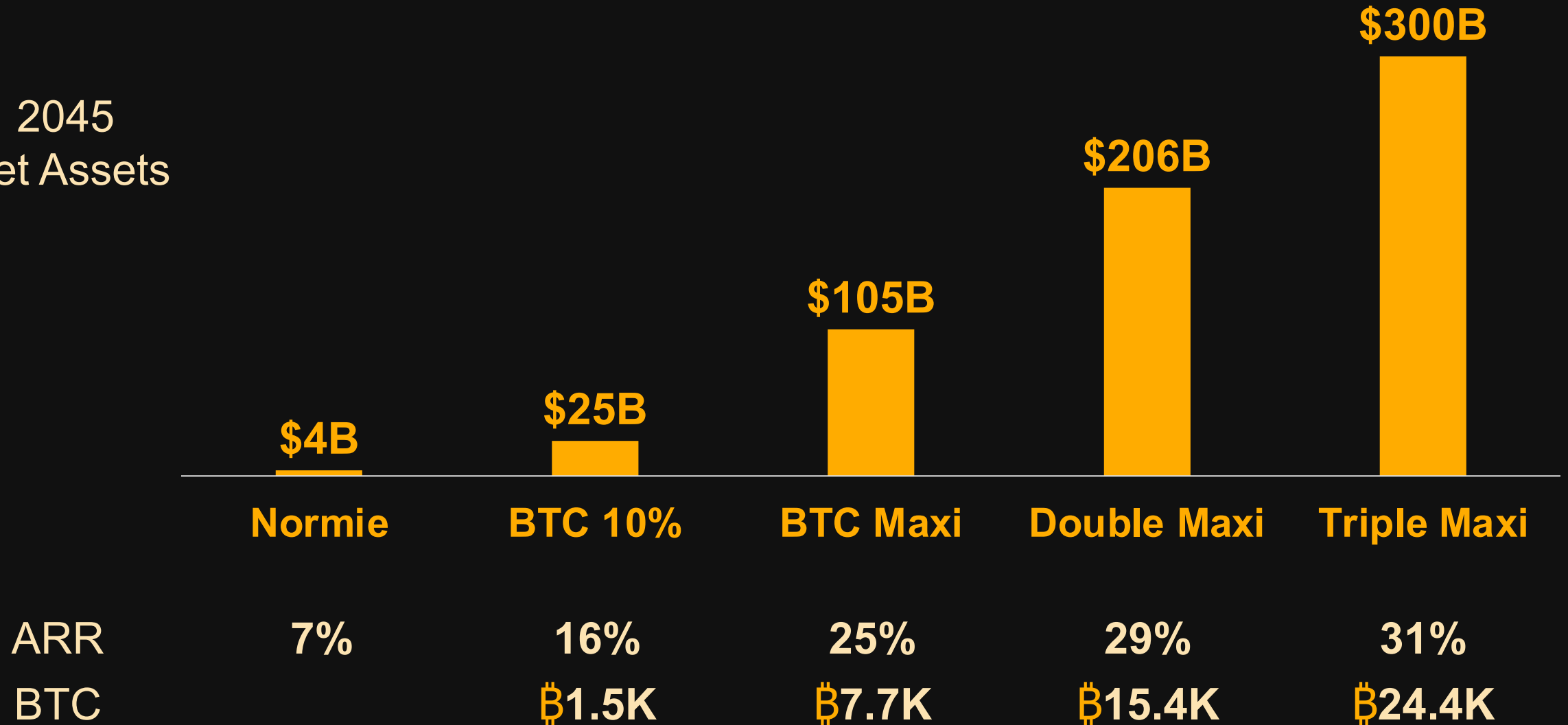
Institutional Bitcoin Strategy

Bitcoin is the winning strategy for those with the courage and clarity to defy conventional wisdom.

	Normie	BTC 10%	BTC Maxi	Double Maxi	Triple Maxi
Portfolio converted to BTC	0%	10%	50%	100%	100%
Debt issued per year (% LTV cap)					10%

Institutional Bitcoin Strategy

2045
Net Assets



National Bitcoin Strategy

Back your currency with digital capital and benefit from advances in AI and technology.

Do:

Reallocate Treasury from Gold/Bonds to Bitcoin

Issue Currency to Buy Bitcoin

Issue Sovereign Debt to Buy Bitcoin

Encourage Bitcoin Ownership via Favorable Laws

Protect Self-Custody for Individuals & Corporations

Support Integration of Banking System with Bitcoin

Don't:

Pursue Policies Hostile to Bitcoin & Bitcoin Holders

Bitcoin Strategy for a Foreign Nation in Debt

Traditional strategy is to hold dilutive assets like bonds & gold and avoid volatility.



Indebted
Nation

- \$400B debt at 7% interest rate
- \$80B treasury assets including gold and bonds
- \$120B revenue
- \$40B deficit growing at 10% per year

2024 Net Debt = \$320B

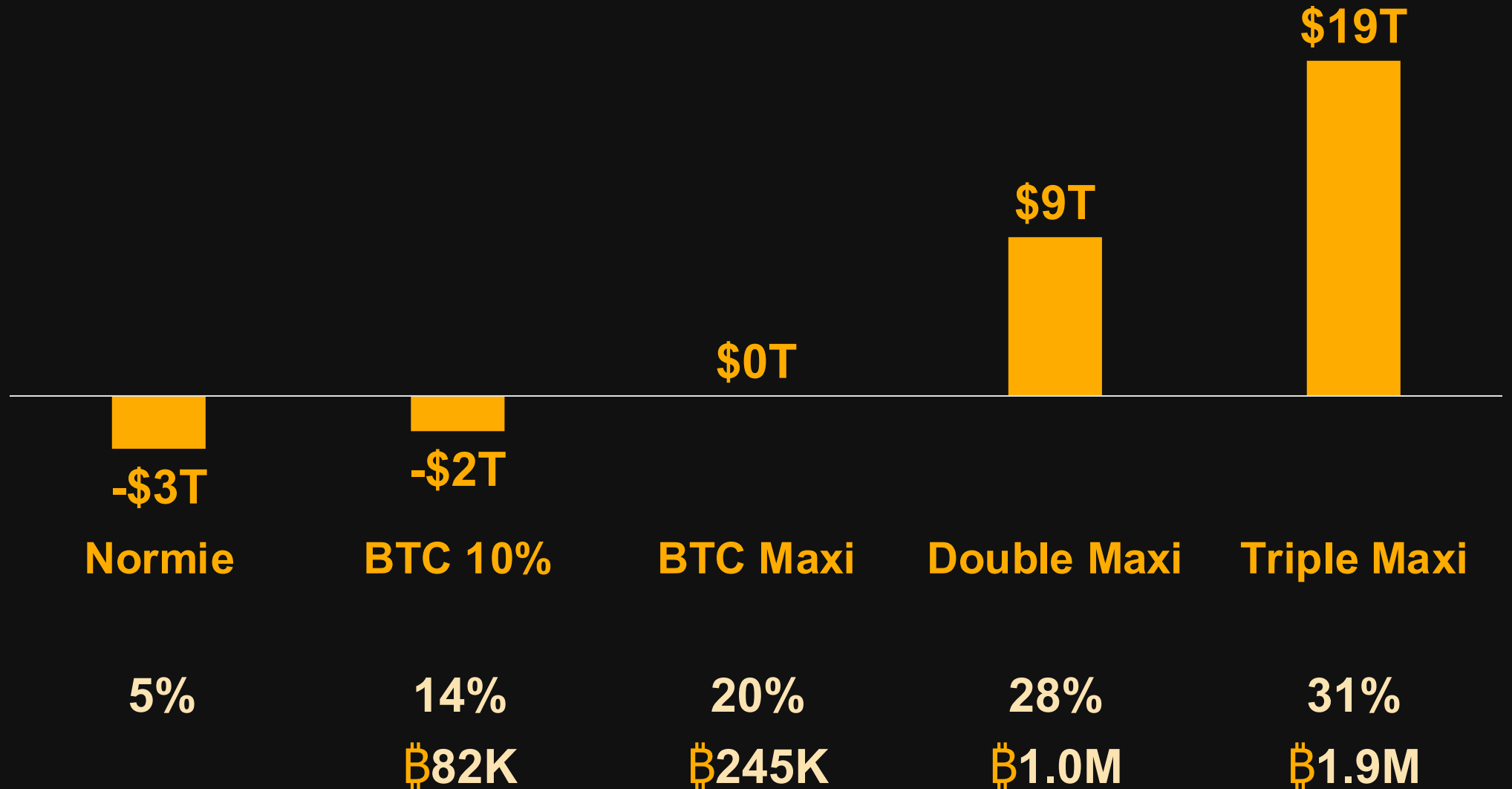
Bitcoin Strategy for a Foreign Nation in Debt

The first country to buy bitcoin by issuing their own currency or debt wins.

	Normie	BTC 10%	BTC Maxi	Double Maxi	Triple Maxi
Treasury converted to BTC	0%	10%	35%	65%	100%
Treasury conversion program (years starting 2025)		1	2	4	4
Debt issued per year to buy BTC (% of rev.)				10%	20%

Bitcoin Strategy for a Foreign Nation in Debt

2045
Net Assets



Bitcoin Strategy for a Wealthy Foreign Nation

Traditional strategy is diversified portfolio of conventional assets and avoidance of volatility.



Wealthy
Nation

- \$500B treasury assets including equity, bonds, and gold
- \$150B debt at 5% interest rate
- \$300B revenue
- \$50B surplus growing at 3% per year

2024 Net Assets = \$350B

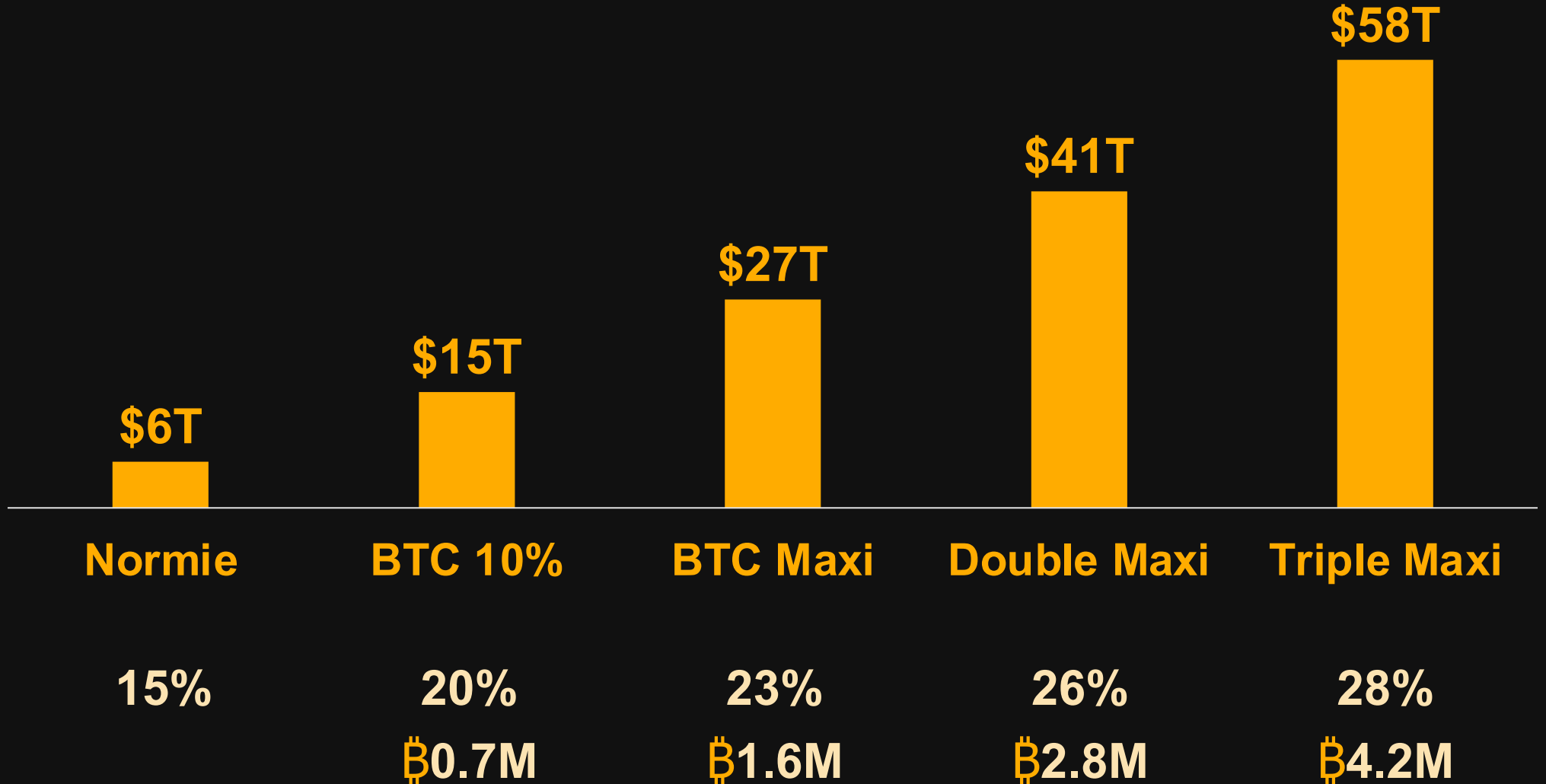
Bitcoin Strategy for a Wealthy Foreign Nation

A bitcoin treasury strategy creates massive wealth while simultaneously increasing national security.

	Normie	BTC 10%	BTC Maxi	Double Maxi	Triple Maxi
Treasury converted to BTC	0%	10%	25%	50%	75%
Treasury conversion program (years starting 2025)		1	2	4	4
Surplus converted to BTC		10%	25%	50%	75%

Bitcoin Strategy for a Wealthy Foreign Nation

2045
Net Assets



United States Bitcoin Strategy

The key to national supremacy is owning the most desirable property, both physical and digital.

Do:

Reallocate Treasury from Gold/Bonds to Bitcoin

Issue Currency to Buy Bitcoin

Issue Sovereign Debt to Buy Bitcoin

Encourage Bitcoin Ownership via Favorable Laws

Protect Self-Custody for Individuals & Corporations

Support Integration of Banking System with Bitcoin

Don't:

Pursue Policies Hostile to Bitcoin & Bitcoin Holders

United States Bitcoin Strategy

Technology, defense, finance, & cultural leadership will drive productivity growth & economic expansion.



- \$36T debt at 3.5% interest rate
- \$600B treasury assets of gold
- \$5T revenue growing at 7% per year
- \$7T expenses growing at 4% per year
- \$2T starting deficit in 2024
- Artificial Intelligence and new technologies will drive both increase in revenue and decrease in expenses due to productivity breakthroughs

2024 Net Debt = \$35T

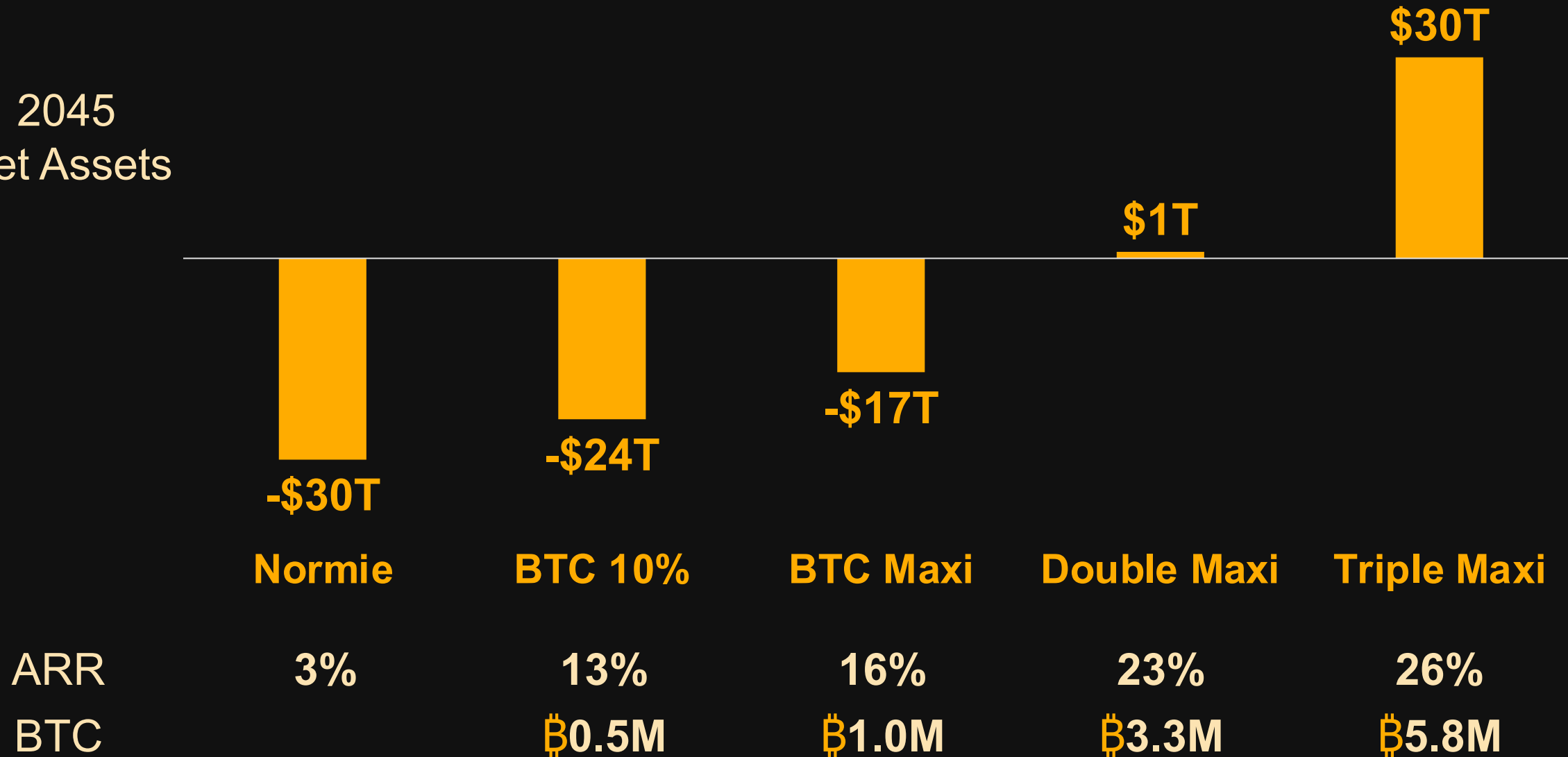
United States Bitcoin Strategy

The best way to capture the benefits of AI, technology, & global growth is own the most bitcoin.

	Normie	BTC 10%	BTC Maxi	Double Maxi	Triple Maxi
BTC bought in strategic reserve	0	฿0.5M	฿1.0M	฿2.0M	฿4.0M
BTC purchase program (years starting 2025)		1	2	4	4
Surplus converted to BTC				50%	75%

United States Bitcoin Strategy

2045
Net Assets



**Bitcoin is
Cyber
Manhattan.**

₿ 276³



What is your Bitcoin Strategy?

Triple Maxi
Double Maxi
BTC Maxi
BTC 10%
Normie

**It might make sense just to get some
in case it catches on. If enough
people think the same way, that
becomes a self-fulfilling prophecy.**



Satoshi Nakamoto

