

ASICs: A Manufacturer's Perspective

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SPEAKER

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Causes of centralization

ASICs don't "cause" centralization.



Economic
Power



Technological
advantage



The economics of a Miner



80-90% of the cost of a Miner is in the ASICs/GPU.

If **AMD** or **Nvidia** decided to mine, they could quickly become a central mining power.



The economics of Farming



CAPex:

Building
Transformers
Racks
Land
Miners

\$200~300 per machines to install them.

Opex:

Electricity
Repairs
Security



So why don't NVIDIA & AMD farm?

A Typical Chip Company B/S	
Revenue	\$100.00
- Cost of Chip	\$40.00
Gross Margin	\$60.00
- R&D Expense	\$10.00
- SG&A Expense	\$15.00
Net Profit	\$35.00

If you are Nvidia, how do you spend this **\$35**?


- A) Push it back into more R&D on **better chips**?
- B) Start a **new business** of buying land, power contracts, transformers ect, to make money by mining over a long period.



So why don't NVIDIA & AMD farm?

For companies like NVIDIA and AMD, it makes more sense to continue the existing model (IT WORKS) rather than to expand into a business that has a high CAPex, paid back over long periods.

They make chips and sell them quickly.
FURTHER, the chips market is relatively stable: it doesn't (for the most part) have the same volume volatility of crypto mining.



Question: If you were NVIDIA, how many farms would you plan on building and how long would it take?

Different business, different cash flow, too much risk when you have a model that works.

What is Linzhi's business going to be?



It is not the style of hardware that leads to centralization.

It is the style of the business.

Hardware is not your enemy.

Linzhi will save power with revolutionary ETC/ETH ASICs.

The same security with $\frac{1}{8}$ th of energy costs

Project Lavasnow: An ASIC for ETC and ETH



Machine Spec:

1400 MH/s (vs Bitmain 180)

Power: 1000 W

Daily Revenue: ~\$20
(vs Bitmain ~ \$3.00)

Delivery: April 2019

ROI: <4 month

Team Expertise:

8 BTC ASICs, including the first ever

No failed tape outs

TSMC licence

Full custom capability

Small and focused

Future Path of useful hardware



Linzhi



Logic + Memory + IO (off chip memory)



Logic + Memory (on chip)



Logic

Hardware is ready to **contribute more**





Linzhi Shenzhen

Q & A

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Our core values: Truth, Learn from Customer, Innovation, Customer Trust