

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.

Path to useful hardware



Logic + Memory + IO (off chip memory)



Logic + Memory (on chip)



Logic

Hardware is ready to **contribute more**

Project Lavasnow: An ASIC for ETC and ETH



Machine Spec:

1400 MH/s (vs Bitmain 180)

Power: 1000 W

Daily Revenue: ~\$30
(vs Bitmain ~ \$4.00)

Delivery: April 2019

ROI: <3 month

Team Expertise:

8 BTC ASICs, including the first ever

No failed tape outs

TSMC licence

Full custom capability

Small and focused



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Q & A

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