

What is Bitmain Doing Deep in the Heart of Texas?

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/EINPresswire.com/ -- Bitmain: A Short History

Bitmain laid its claim to cryptocurrency fame when it became a bitcoin mining powerhouse in 2018. It didn't happen overnight, Jihan Wu and his partner created the firm in 2013 and slowly built it up to what it is today. Wu's firm would design application-specific integrated circuit chips (ASIC) for bitcoin mining.

The firm diversified operations by operating BTC.com and Antpool, collective mining for the leading digital asset and network, bitcoin. Wu is also a controversial figure because of his support for Bitcoin Cash and its efforts to bolster confidence in Bitcoin Cash.



Bitmain is one firm that is diversified and will provide a variety of services and solutions to the cryptocurrency sector. The firm noted that it was profitable at the start of 2018 and even floated the idea of an Initial Public Offering in 2019. Some investors were concerned about the Initial Public Offering idea due to Bitmain's BCH holdings. Issues related to its BCH holdings could have had long term adverse effects on the firm and the potential shareholders. Its bet on Bitcoin Cash has dealt it a huge blow, and bitcoin cash would rise alongside bitcoin before plummeting to where it is today at \$230.00.

Bitcoin Cash has seen further losses due to infighting over certain attributes leading to another fork and destruction of value.

The mining firm filed for an IPO in Hong Kong but has yet to go through with the offering for a variety of reasons. A few of which are the volatile market conditions in cryptocurrency land, bitcoin prices fell from its high of \$20,000 at the start of 2018 to its current prices of \$8,000. Interest in mining subsided, and interest remains at a fairly subdued level.

Lack of interest in mining is an issue for the firm as it sells mining hardware. Bitmain's hardware mining segment makes up more than 90% of its revenues.

Shortly after filing for an IPO, it would lay off more than 2,500 staff members and eliminate offices in Europe and the Middle East. It would also decrease mining its Texas mining activities in the latter half of 2018.

The year of 2018 undoubtedly was a rocky one for the Chinese mining and ASIC producing firm. Opportunities were just out of reach and austerity measures were put in place to continue

growth.

Bitmain let its IPO filing and eventual offering expire in the first quarter of 2019. We have yet to see any movement from Bitmain on conducting another IPO filing. The entity has made some leadership changes, appointed a new CEO, and has restructured its operations. It seems that the firm is back in full force in the latter half of 2019. Bitmain seeks to double down on its mining activities and provide more hash power to its respective networks.

Bitmain Steps up Mining Efforts In Texas

Bitmain is now stepping up its mining efforts and becoming even more a mining-based entity where it will deploy its farms to contribute to respective networks. The firm reportedly has more than 10 active mining farms in China.

The leadership team at Bitmain chose to step up operations in the land rich state of Texas. They have focused on Rockdale, Texas to build and develop their bitcoin mining center.

Texas seems to be an ideal state to bring up these activities due to its large array of power sources. The vast state of Texas has several vital components going for it in the energy sector. First, it has the land for a variety of energy generation from solar energy to wind energy to traditional forms of energy (oil and gas) and others. Second, the southern state deregulated its energy sector and is business-friendly.

Energy consumers “will benefit, though, from the tight market, because high prices and low reserve margins encourage generators to build and improve their power plants. More generation will lead to more competition and eventually lower prices for consumers,” according to a recent report.

Further, Texas is increasing renewable energy creation efforts. A recent report notes “wind power will likely exceed coal-fired power in Texas next year. But most of the new generation will come from solar as prices for panels drop.”

Texas might have proper competitive markets to improve the energy system while keeping prices reasonably present, a perfect market for an energy-based system such as bitcoin. It might be a boon for entities like Bitmain who specialize and see opportunity.

Rockdale Plans Laid in 2018

Bitmain did its due diligence in the latter half of 2018, met with the right officials, and invested the right resources in getting to lay down a blueprint. The correct resources included its mining computers, fans, and other necessary equipment to make sure mining runs efficiently.

Concentrated mining will continue to non-stop, contribute to the bitcoin network, helping to keep it secure, and reliable.

It is a relatively large operation and undoubtedly nothing to sneeze at all. Energy utilization within the plant is expected to be more than 20 megawatts. Bitmain will seek to increase energy consumption and has grand ambitions for this project.

The move shows that the firm is far from beaten and will continue to be a key player within this emerging and thriving sector.

Decentralization In Bitcoin

While this event is one that bolsters confidence in the long-term health of the Bitcoin and cryptocurrency industry in general, it is essential to make a note about decentralization. One of the key and core components of bitcoin is that it is decentralized. Bitcoin is valuable because of its decentralization, censorship resistance, and other properties.

As such, it may be essential for more entities to step into the mining sector and conduct operations to keep bitcoin genuinely decentralized.

Surely, Bitmain has a competitive advantage in the bitcoin mining segment. The Beijing based firm saw the opportunity early on, capitalized, created product lines, and started mining early on. The leadership team and related parties have substantial knowledge in the sector and have operating talent. But other firms can surely draw on a growing pool of technical talent to add their services and keep bitcoin decentralized.

The ZB Take

The energy to money conversion principle present in bitcoin is one that is outstanding and one that is not talked about as much in the regular cryptocurrency community. Costs of time, energy, computational resources, serves several purposes and keeps bitcoin running effectively. It will be interesting to watch these events unfold as more entities invest in mining bitcoin and help to change the energy landscape.

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Industry intelligence and standards are headed by the recently launched ZB Nexus who embody the core values of ZB Group and open source their reports and analysis for the public.

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