

BITCOIN: A DISRUPTIVE INNOVATION OR A BUBBLE SET TO BURST? Case by Geeta Singh and Syeda Maseeha Qumer

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Teaching objectives

If used in conjunction with Chapter 2, this case can be employed to meet the following teaching objectives:

- *Recognizing both strategic thinking perspectives.* The analytic characteristics of the global peer-2-peer network are embodied by limiting the amount of supply at a fixed rate. At the same time introducing the digital currency to the mass market is based on intuition. The case provides sufficient information to explore different dimensions of strategic thinking, especially related to whether or not to invest in bitcoins strategically.
- *Comparing the advantages and disadvantages of both strategic reasoning perspectives.* Both perspectives bring inherent strengths and weaknesses with them. A group discussion will help students to identify the paradoxical nature of the strategic reasoning issue. In this way, students will start to recognize the paradoxical nature of the strategic reasoning issue.
- *Discussing methods to deal with the strategizing paradox.* Potential options are navigating, parallel processing and embracing the paradox. Students can compare the approach of bitcoin investors with their own (intuitive) preference.
- *Recognizing the role of emotions and cognition in strategic decision-making.* Different strategic decisions are often based on different heuristics. In this case, heavy fluctuations of the bitcoin related to other more stable investment opportunities like gold, or dollars can evoke heavy emotions on people. The case can help students to understand that trust in the future plays an important role in strategic decision making as well.
- *Understanding the explosive growth of digital currencies.* The bitcoin has been developed and valued for billions within years. Also other digital currencies have or are exploring these digital opportunities like Kodak for instance with their KodakCoin, Facebook, pursuing plans to develop and deploy their cryptocurrency Libra.

Teaching guideline

This case is written around the digital currency bitcoin and the supporting blockchain infrastructure competing as an alternative to more contemporary financial systems like VISA and PayPal. Students might approach this case purely as a technology deep-dive, others might be interested in the huge amount of money that is being made and lost with digital currencies like bitcoin and the surrounding hype. But let's not forget that the initial idea to start with the bitcoin 'movement' is fueled by a strong counter reaction against the contemporary institutions, the 2008 financial crisis, failure of government backed currencies, and the corruption plaguing the existing banking systems were the major factors that motivated the invention of bitcoin. Therefore, it is important for the lecturer to also focus on the importance of the context to clarify the effects of the holistic perspective.

Analyzing a case about a renowned digital currency like the bitcoin and blockchain can gain more knowledge about these sometimes perceived complex technological systems and be an eye-opener to students regarding how they perceive the future value of digital currencies, the strategic pros and cons and the arguments of the proponents and the opponents.

Even though this case does not read like a typical strategy textbook case study, because it is not about an organization, nor about a centralized authority, but about a global peer-2-peer network, it is a good case to discuss the context of strategic decision-making and strategic thinking. Strategic decision-making is conducted by and has effect on individuals, who bring in their own perspectives.

Case questions

1. *Explain the elements of the bitcoin strategic reasoning process in line with the development of the global peer-2-peer network*
2. *What strategic thinking perspective is driving bitcoin buyers?*
3. *Taking the heavy fluctuations of the bitcoin, how might investors respond based on the analytic reasoning perspective? And how can it be based on the holistic reasoning perspective?*
4. *What are your thoughts about the future of bitcoin (from both perspectives)?*