

BITCOIN (BTC) INITIATIVE – PROJECT ROADMAP

MicroStrategy 2020

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This document is designed to serve as a resource to help you navigate a corporate bitcoin strategy. It draws from MicroStrategy's experience with its BTC initiative, but it is not the actual project roadmap used by MicroStrategy.

Action Item	Owner
Planning Phase: Strategy and Team	
Clearly discuss and define initial purpose of BTC investment: corporate strategy, P&L strategy, balance sheet strategy, treasury asset, treasury investment, mining, node, blockchain, etc.	Champion
Determine internal team: champion, finance working team (CFO, CAO, SEC Reporting, Treasurer, Tax, Internal Audit, and Investor Relations), legal working team (General Counsel, Corporate attorney, and Contracts attorney), and IT (CIO and CISO)	Champion
Hold initial discussions with internal team and clarify purpose, objectives, and timeline	Champion
Determine target timeline and develop project roadmap	Champion
Identify external legal advisors with BTC experience: corporate governance, regulatory, and contracts	Legal
Identify external financial advisors with BTC experience: accounting, tax, controls, treasury, and auditor	Finance
Planning Phase: Corporate Governance	
Research: General BTC research from banks and articles, including publicly traded companies with BTC investments	Legal & Finance
Board: Summarize past investment-related Board authorizations and prepare list of key initial considerations to facilitate Board and management discussions	Legal
Regulatory: Prepare chart of key regulatory considerations, including analysis of Investment Company Act implications/considerations	Legal
Conflicts: Analyze potential conflict of interest issues with directors' and officers' personal investments in BTC	Legal

Planning Phase: Finance and IT	
Analyze accounting, tax, and internal controls implications/considerations. Consider Investment Company Act, which Company entity to use as an investment vehicle, and need for SOC reports and audited financials from BTC vendors and partners.	Finance
Determine source of funds and associated funding needs, on-shore vs. off-shore use and transfers, bank accounts, and tax implications	Finance
Determine IT and [corporate] [cyber?] security risks, including IT network & infrastructure (e.g., DDOS) and communications (e.g., impersonation). Work with hosting, ISPs, cloud, pen test, and security partners.	IT
Determine insurance coverage needs	Finance
Determine investor relations strategy and associated timeline for announcements and disclosures	Legal & Finance
Determine how to invest in BTC: directly through broker and custodian or through a fund. Consider if a diversified portfolio/crypto strategy to hedge risks is appropriate.	Legal & Finance
Planning Phase: Vendors and Partners	
Prepare summary of potential brokers, custodians, funds, and banks to work with	Legal & Finance
Prepare chart of key contractual considerations for brokerage, custodial, and/or fund agreements	Legal
Planning Phase: Completion	
Update project roadmap with timeline, actions, and owners	Legal & Finance
Conduct Board meeting to discuss proposed BTC investments, address questions and concerns, and obtain support to move forward	Legal & Finance

Execution Phase	
Prepare Treasury Reserve Policy: how much can the Company invest in BTC and through what means, transaction procedures, prohibited activities, buy and hold or active trading, hedge, and brokerage and custodial arrangements	Legal & Finance
Prepare BTC Trading Policy: non-trading periods to help prevent potential conflicts of interest, no trading based on material non-public information relating to the Company's BTC activities, and prohibitions on front-running Company BTC transactions	Legal
Negotiate brokerage and custodial agreements: pricing for brokerage and custody, levels of service, types of trades, limitations, and points of contact	Legal
Set up brokerage, custodial, and/or fund accounts	Legal & Finance
Train team, setup test transactions, etc. for each partner account	Finance
Prepare accounting memo: how to account on balance sheet (intangible asset) and income statement (gains and losses as part of operating income), segment reporting or consolidation reporting, and tax impacts on gains and losses	Finance
Implement appropriate IT defenses and changes	IT
Obtain insurance: custodian, cyber security, D&O, and other	Finance
Prepare SEC disclosures: BTC-related disclosures for filings such as 8-Ks, 10-Qs, 10-Ks, etc.	Legal & Finance
Prepare communications strategy: communications to employee, investor relations, and media, channels for communications (Company website, Twitter, YouTube, etc.), and press releases	Legal & Finance
Prepare Board and associated committee meeting documents and resolutions	Legal & Finance
Conduct Board, Investments Committee, and Audit Committee meetings to approve Treasury Reserve Policy, BTC Trading Policy, and permitted brokers and custodians, clear any conflicts of interest, and approve initial BTC purchase	Legal & Finance
Announce capital allocation and treasury reserve strategy and initial BTC purchase through internal and external communications via appropriate press releases and SEC filings	Legal & Finance
Post-execution Phase	
Determine amount, timing, frequency, source of funds, and method for subsequent BTC purchases	Champion
Determine the need and method of external communications regarding subsequent BTC purchases	Legal & Finance
Conduct subsequent BTC purchases, as appropriate	Finance

