

MARKET

“It has become a lot more competitive. I am 100% sure, however, that no other company is doing it the way we are”

Y.CO



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OWNERSHIP

“We had to do considerable testing to have glass surfaces as big as we did on Como. I pushed quite hard, and Feadship delivered”

NEVILLE CRICHTON



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DESIGN

“You see mind-blowing designs, but a lot are completely unfeasible. Every idea deserves an open mind, but do your homework”

COR D. ROVER



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SUPERYACHT
TIMES

“When you build custom boats with clients whose thoughts are probably worth €10,000 an hour, something brilliant has to come out of it”



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BITCOIN & BROKERAGE

By Gemma Fottles

It seems like the whole world is talking about Bitcoin and cryptocurrency right now, and there's a good reason why. Wider public interest is soaring at the speed of the value of this digital currency. At the time of starting this article on 27th November, Bitcoin hit an all time high of \$10,000 per Bitcoin. At the time of finishing this article in mid-December, that number was at \$17,000. To put this into perspective if those figures are not mind-boggling enough, at the beginning of 2017, one Bitcoin was worth around \$1,000.

With such a radical surge in value since its creation in 2010 from the designs of mysterious cryptographer Satoshi Nakamoto, and with more and more companies or services now accepting digital currency as a form of payment - including several superyacht brokerage firms - we reached out to a selection of brokers to ask our most pressing queries, ultimately trying to answer the question: will Bitcoin work in our industry?

Bitcoin has been criticised for a number of things, one of which includes being able to spend funds gained from illegal activity without potential detection or repercussion - a reputation that has stuck since the early Bitcoin days and its popularity on illegal sites such as Silk Road. But with notoriously private clients in the superyacht industry, should digital currencies still be accepted despite the negative reputation?

Bob Denison - Denison Yacht Sales:

Complete privacy is truly a benefit of a Bitcoin transaction. Not having a bunch of eyes from your bank (low-, mid- and high-level eyes) and the other party's bank know is valuable to anyone that desires fiscal privacy. This would certainly apply to criminals, but also to politicians, celebrities, or anyone else that doesn't want to risk their financial data being leaked.

Chris Cecil-Wright - Cecil Wright: Opinions of Bitcoin are hugely polarised between those that view it as a speculative bubble and those who see the beginnings of a revolution in financial services. If digital currencies are indeed set to become the reserve currency

of the globe, and knowing that we have technology to support its use, surely our clients deserve to transact in the currency of their choice - Fiat or not. Bitcoin isn't the only cryptocurrency that we see coming into wider circulation - the very forward-thinking owner of Turquoise, which is offered for sale and charter, will now accept Ethereum and other upcoming cryptocurrencies. We acknowledge that cryptocurrencies have inevitably attracted some funds from illegal activities, and we carry out stringent due diligence procedures before accepting a new client's funds. Privacy is a big priority for our clients and crypto does offer the benefits of a secure, private and fast transaction.

Tommaso Chiabre - Royal Yacht Brokers:

Today, Bitcoin is benefiting completely from legitimate businesses; in the yachting industry, for example, there could be no illegal use of funds since we have strict KYC rules for both charters and sales. Moreover, all Bitcoin trades are done with encryption codes which keep record of every transaction ever made in the history of the currency, keeping transactions safe and secure.

Certainly the benefits to 24/7 transactions without limitations like bank opening hours, or arbitrarily imposed restrictions, speak for themselves. But is this a problem in the yachting business in the first place? Do you think more people would charter, for example, if it was a more instantaneous transaction?

BD: We live in a digital world that is on 24/7, and more and more people expect this to become the norm across the board. Because Bitcoin transactions can occur instantaneously, they eliminate some of the standard delays in the booking process, allowing clients to act on a whim and potentially book a charter with the click of a button. But more than that, Bitcoin would also allow a charter guest to increase APA for a spontaneous last-minute experience or extra-special bottle of wine, with the push of a button on a Saturday afternoon.

CW: For last minute bookings the 24/7 nature of crypto will certainly help. As long as we are able to provide the crew with their provisioning money in good time, bookings can become more last minute than

before. The only issue I foresee is from the client's perspective: with such sharp price fluctuations knowing when to transact will be a dilemma.

TC: I would challenge any broker in the world to say that they never lost a deal because of the slow banking processes. Bitcoin allows for instant transfers from anywhere, with no intermediary and zero banking costs. Furthermore, if we have a client on board during a charter, they would be able to send funds for the APA account in no time, should there need be. This would be solving a big issue in the superyacht charter business.

“I'd be shocked if we don't see a superyacht sold in 2018 with Bitcoin”

With such gigantic surges in the value of Bitcoin, there is also the possibility of an equally gigantic crash. Is Bitcoin inherently unstable, and as a result, will it ever be widely adopted in the superyacht industry?

BD: Most currency experts agree that Bitcoin will be volatile for the near future. At some point it should stabilise a little bit. But regardless of surges, it's very easy for sellers to accept Bitcoin and immediately convert to U.S. dollars or Euros. If their broker can't help with this, they should find a new broker. There's absolutely no reason why a seller should be wary of accepting Bitcoin.

CW: The system we use locks in prices with institutional investment companies so this takes the volatility out of the equation. For this reason I see no reason why cryptocurrency use shouldn't roll out within the business.

TC: Since the correction in Bitcoin value is too volatile now, we have created a

conversion technology which allows us to instantly convert the Bitcoin received into gold and then the gold into the owner's preferred currency. This enables us not to be affected by any price correction during the transactions. I believe the industry will eventually learn to adapt and learn how to trade with cryptocurrency without the risk of the Bitcoin value instability.

A lot of talk in the industry when it comes to Bitcoin is focused on the fact that we need to widen the market and our reach, and offering Bitcoin as a form of payment could attract more people to yachting, perhaps clients whom yachting has never really been on their radar. What do you think?

BD: Industry leaders are always looking for ways to attract new clients. Bitcoin certainly does this. And it's not just a “millennial” fad. There are Bitcoin users of all ages, across all continents buying and selling luxury goods, including cars and villas. I think you'll see more brokers in the future offer Bitcoin as a currency option. I'd be shocked if we don't see a superyacht sold in 2018 with Bitcoin.

CW: I think this is entirely correct. It would be insane to close the door on this new seam of prosperity just because we refuse to adapt. The main issue that individuals will need to be aware of is how their country of residence views cryptocurrencies; what asset class does it fall into and what (if any) financial implications are there for transferring it for a good or service? Who knows, buying a yacht with Fiat money may soon be a thing of the past.

TC: Bitcoin and online currencies created an all new wealth and lot of potential new UHNWI. We have tested this with our young brokers who have a young clientele - we have found that they would rather pay for yacht charters with their cryptocurrencies rather than going the institutional way which would see important bank fees and clear time disadvantage. I believe all the industry can benefit from using Bitcoin and that this industry, which can sometimes be a bit more old-school, should adapt to 'futuristic' payment technology.

As this issue went to print, Denison sold a 48' Leopard involving Bitcoin.