

# Bitcoin Treasury Adoption:

*A Strategic Guide for Corporate Leaders*



# Bitcoin Treasury Adoption: A Strategic Guide for Corporate Leaders



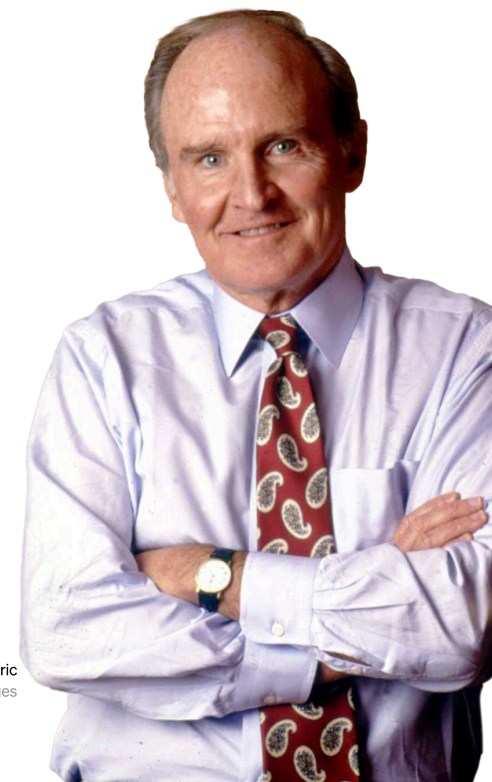
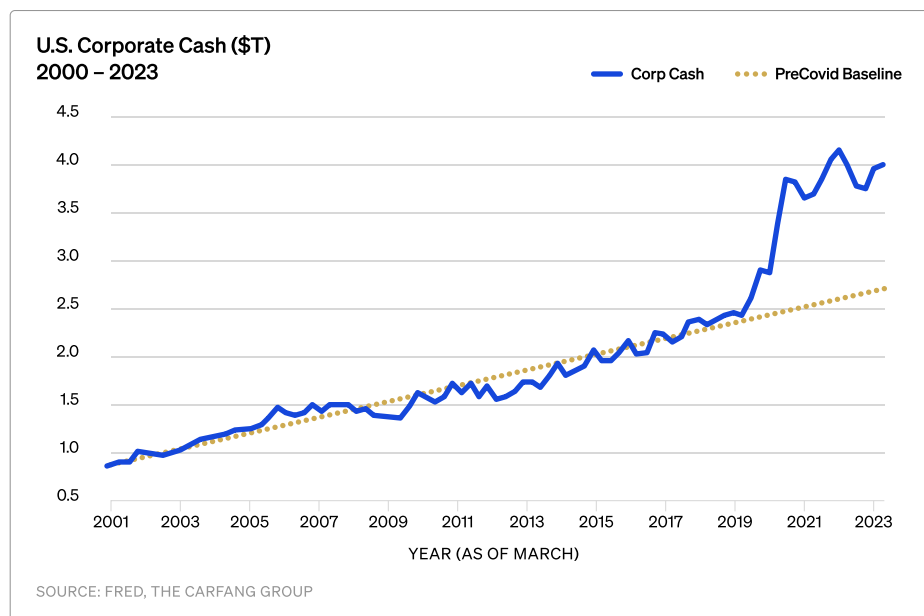
## The Problem: Corporate Balance Sheets are Eroding Away

For decades, corporate America has shifted its focus from the health of the balance sheet to the allure of income statement performance.

This transformation gained traction in the 1980s, championed by figures like Jack Welch, whose leadership at General Electric embodied a relentless pursuit of maximizing shareholder value. Welch's strategy prioritized deploying cash and leveraging assets to drive short-term earnings growth, reshaping corporate culture around immediate profitability at the expense of balance sheet resilience.

While effective in an era of low inflation and interest rates, this mindset left corporations vulnerable. Businesses effectively decapitalized themselves by prioritizing share buybacks, dividends, and mergers and acquisitions over retaining earnings. While these strategies boosted short-term shareholder returns, they also created fragile organizations heavily reliant on external capital markets to navigate downturns or structural challenges.

The COVID-19 pandemic and the economic disruption that followed highlighted the risks of this approach and prompted corporate treasurers to reassess financial strategies, leading to a rebuilding of cash reserves. By 2023, U.S. corporations collectively held nearly \$4 trillion in cash—a significant increase from years prior.



Jack Welch, CEO of General Electric  
Stan Godlewski/Liaison Agency, via Getty Images

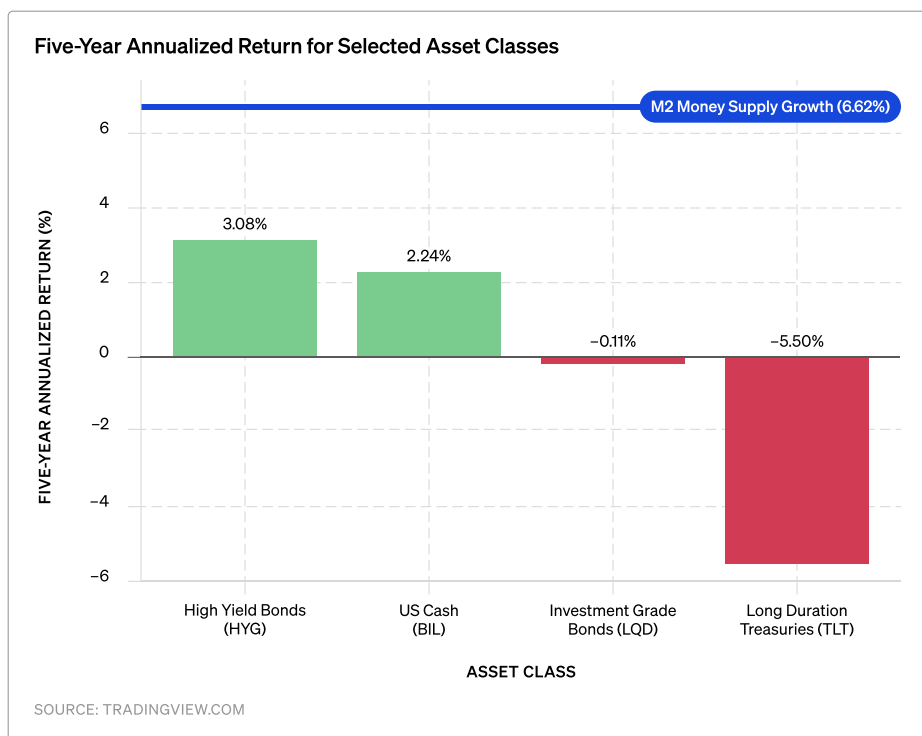


However, this renewed focus on balance sheet strength coincides with a new set of challenges.

Inflationary pressures remain elevated, driven by geopolitical instability, aging populations, and unsustainable sovereign debt levels. For treasurers, this environment presents a dual challenge: preserving the purchasing power of reserves while maintaining the liquidity needed to weather an uncertain economic landscape. The composition of corporate treasuries has never been more critical as companies face the difficult task of ensuring both resilience and long-term value preservation.

Traditionally, corporations have relied on low-volatility, safe-haven assets such as cash and cash equivalents to manage their balance sheets. These instruments are essential for short-term liquidity but ill-equipped for long-term savings in a world of persistent monetary expansion.

The U.S. money supply has historically grown at around 7% annually. Cash-like instruments, including Treasury bills and bonds, often fail to generate returns that match this pace. Over time, this disparity leads to a steady erosion of purchasing power, effectively diluting the value of corporate reserves. The chart below highlights how asset classes typically favored by corporate treasurers have failed to keep up with the monetary inflation rate over the last five years. When taking into account the M2 money supply growth, each one of these asset classes has lost value in real terms.



This systemic erosion of cash and cash-like equivalents underscores the need for treasurers to rethink traditional approaches to capital management and balance sheet composition. In an era of elevated inflation and heightened geopolitical uncertainty, relying on traditional strategies is no longer sufficient. By proactively embracing innovative, alternative treasury strategies to meet the challenges of today's financial landscape, corporate leaders can ensure their businesses remain resilient and competitive in the years to come.

# A Solution: Bitcoin as a Transformational Treasury Asset

When corporate treasurers have excess cash, they face two important decisions.

The first is what to do with the funds. Below is a table listing potential ways a corporation can choose to use its excess cash, along with the pros and cons of each.

OPTION	PROS	CONS
Dividends	Rewards shareholders directly	Decapitalizes the business, reducing operational flexibility
Buybacks	Enhances EPS and signals confidence	Decapitalizes the business; no diversification; limits growth opportunities
M&A	Strategic growth and market expansion	High integration risk, long payback periods, potential cultural conflicts
Reinvestment	Drives innovation and operational growth	Risk of overinvestment or low ROI in a challenging environment
Save	Preserves liquidity and builds reserves	Exposed to inflation and purchasing power erosion, depending on the treasury asset

If the corporate treasurer decides to save some excess cash flow, they must decide what to save in. Below is a table listing the potential assets that corporate treasurers could allocate to with their excess cash flows, along with their pros and cons.

OPTION	PROS	CONS
Cash/T-Bills	High liquidity, low risk	Inflation erodes real returns, limited growth potential
Treasury Bonds	Principal protection, safe haven	Inflation erodes real returns; exposed to interest rate risk
Equities	High growth potential, inflation hedge	High volatility; holding more than 40% risks reclassification as an investment company; potentially supporting competitors via indexes
Gold	Safe haven, historical inflation hedge, no counterparty risk	Limited growth potential; storage and transaction costs; supply diluted by ~1.7% annually
Real Estate	Scarce, inflation hedge	Illiquid, idiosyncratic risks, maintenance costs
Bitcoin	Inflation hedge, growth potential, uncorrelated, fixed supply, no counterparty risk	Volatility; accounting and regulatory considerations

The table above highlights why other treasury reserve assets are unsuitable long-term investments for a corporation in a world of heightened geopolitical risks and inflation.

**Cash and bonds** do not keep up with the inflation rate and lose purchasing power over time. They are what Michael Saylor calls “melting ice cubes” in a world of governments debasing their currencies.

**Equities** provide better inflation protection for corporations, but U.S. corporations can allocate up to 40% of their balance sheet to equities before they are required to reclassify as investment companies. In addition, corporations risk allocating capital to their competitors through investing in index funds, which isn’t ideal.

**Real estate** provides inflation protection, but it is illiquid, requires investment expertise, has maintenance costs, has property taxes, and has its own idiosyncratic risks.

**Gold** provides inflation protection, but its supply is diluted by ~1.7% annually, which compounds over time. In addition, gold bullion has no counterparty risk, but it comes with significant storage and transaction costs.

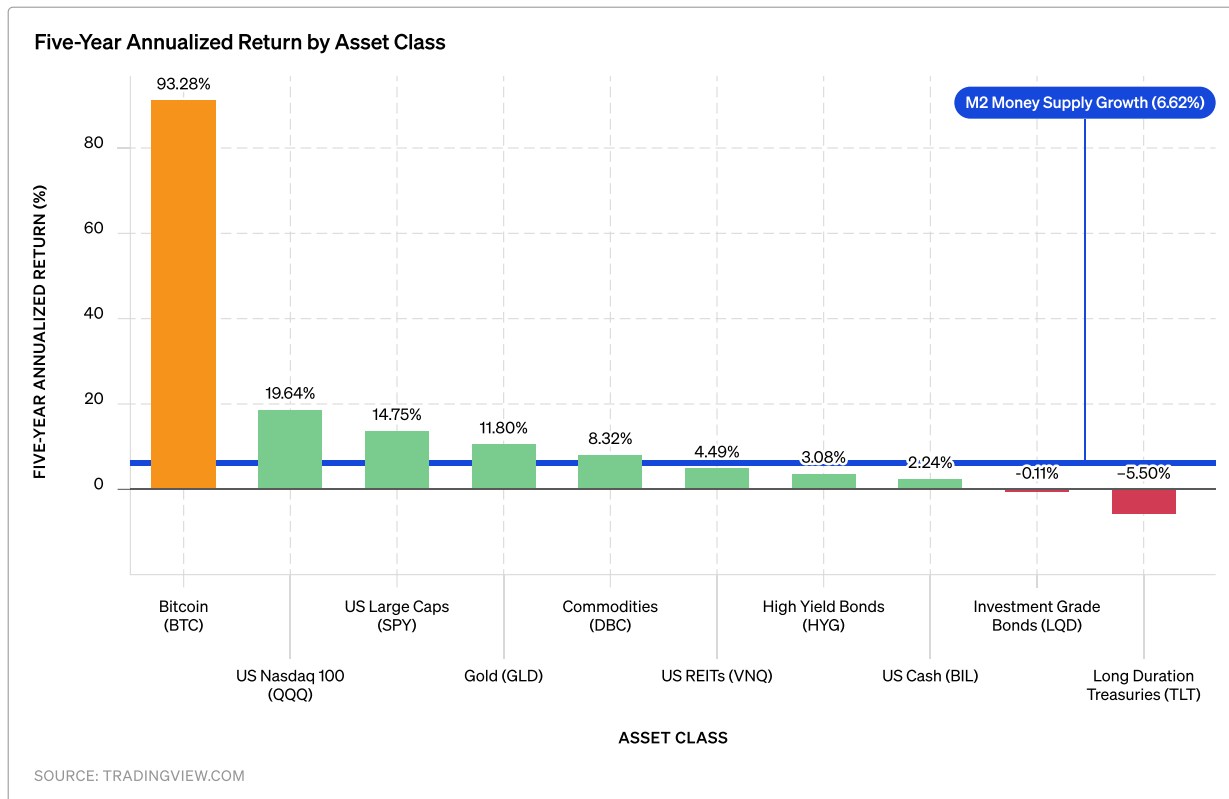
**Bitcoin** offers corporate treasurers a compelling option for allocating their excess cash. It is a scarce digital commodity that can serve as an inflation hedge, mitigate counterparty and liquidity risks, and add diversification benefits to their balance sheets.

# Bitcoin protects against inflation and currency debasement

“We believe it has unique characteristics as a scarce and finite asset that can serve as a reasonable inflation hedge and safe haven amid global instability... After studying various alternatives, we decided that holding bitcoin would be the best use of our excess cash,”

Semler Scientific Chairman Eric Semler

Bitcoin offers a unique solution as a long-term store of value, leveraging its capped supply of 21 million, resistance to inflation, and independence from centralized policies. Over the past decade, bitcoin has consistently outperformed the rate of monetary inflation and other traditional asset classes in real returns, demonstrating its strength as a treasury reserve asset.



And as you can see in the chart above, it has not been particularly close.



# Bitcoin offers 24/7/365 liquidity and reduces counterparty risks

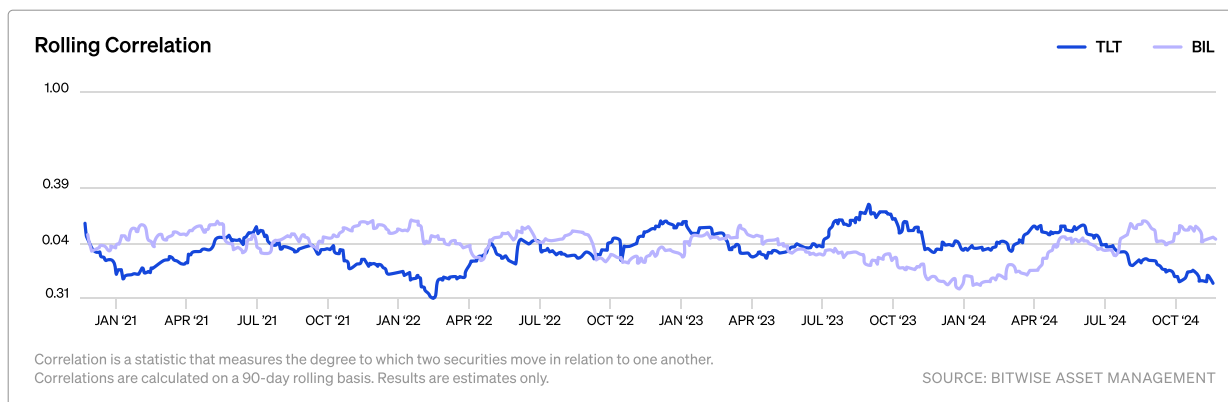
Bitcoin's 24/7/365 liquidity, mitigation of counterparty risk, and global, decentralized nature make it a compelling addition to corporate treasury strategies. Unlike traditional assets that are tied to financial intermediaries or dependent on banking systems, bitcoin operates independently on a decentralized network, free from the solvency risks of any single institution. This distinction became increasingly relevant after the banking failures of 2023, highlighting centralized counterparties' fragility.

In the aftermath of this crisis, a survey conducted by [NeuGroup](#) revealed that 73% of Fortune 500 treasury executives implemented new bank-counterparty risk metrics following the collapse of Silicon Valley Bank (SVB) in March 2023. In addition, Millennium Global [reported](#) that 88% of CFOs surveyed said they sought to diversify their foreign exchange counterparties.

Bitcoin provides a unique solution because it is a global asset that can be transacted anytime, regardless of banking hours or geographic constraints. This constant liquidity and worldwide reach positions bitcoin as an attractive strategic reserve asset for corporations looking to mitigate counterparty and liquidity risks.

# Bitcoin's uncorrelated nature offers diversification benefits

Another benefit of adding bitcoin to a corporate balance sheet is improved risk-adjusted returns due to its lack of correlation with other traditional treasury reserve assets like cash, T-bills, and Treasury bonds. The following chart shows how bitcoin had a very low 90-day rolling correlation with cash and long-duration Treasuries over the last five years.



Despite its short-term volatility, bitcoin has been shown to increase the risk-adjusted return of a well-diversified portfolio due to its uncorrelated nature. Bitcoin has the unique ability to provide diversification benefits while boosting the overall performance of a corporate balance sheet. Ultimately, bitcoin's short-term volatility needs to be managed through proper position sizing and regular re-balancing.

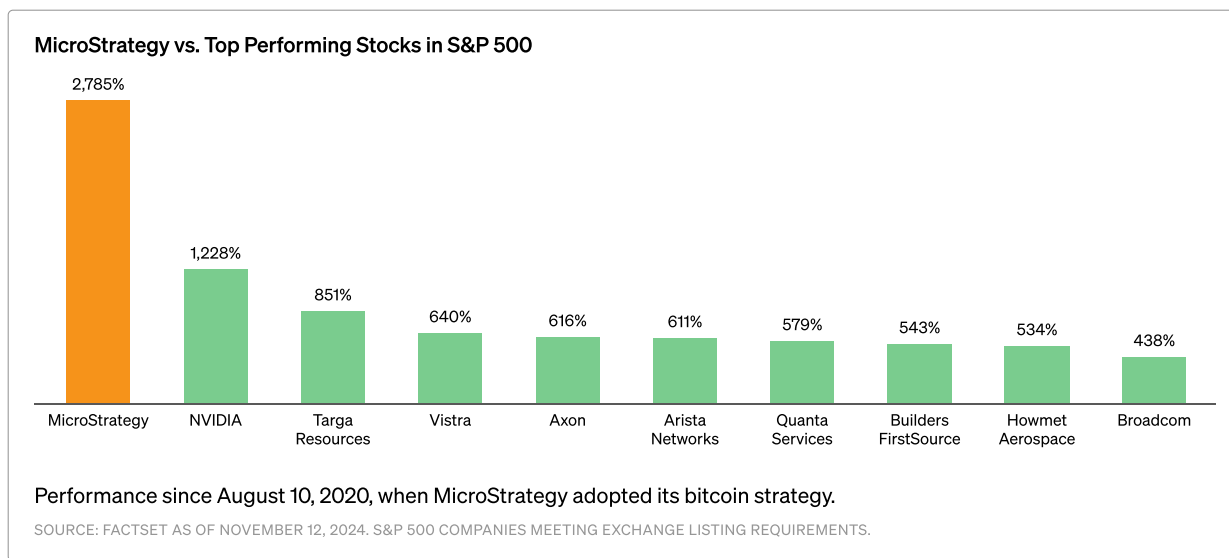


# Case Study: MicroStrategy

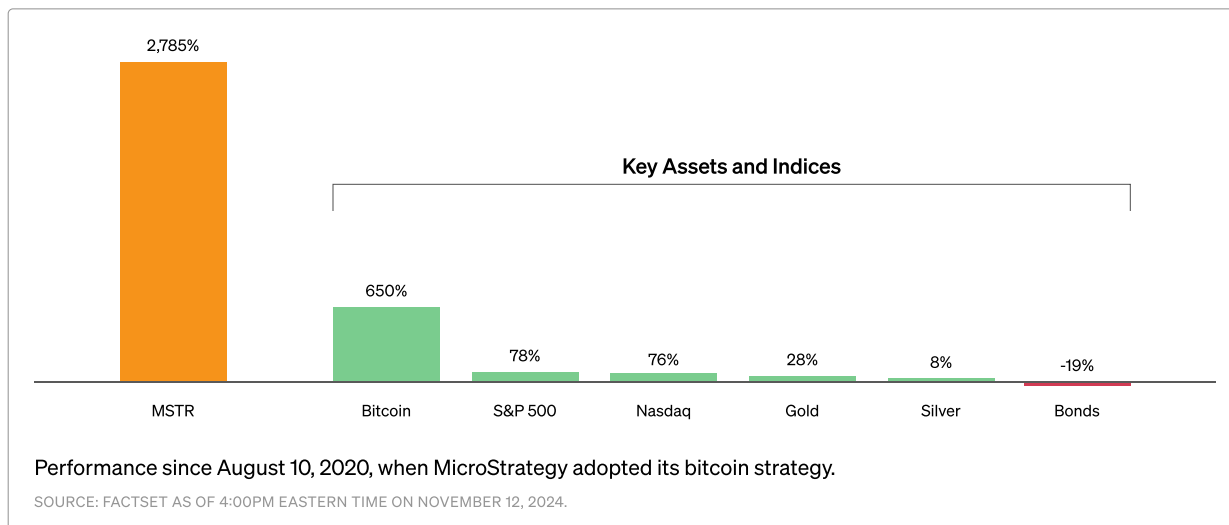
“An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage.”

Jack Welch, Former CEO of General Electric

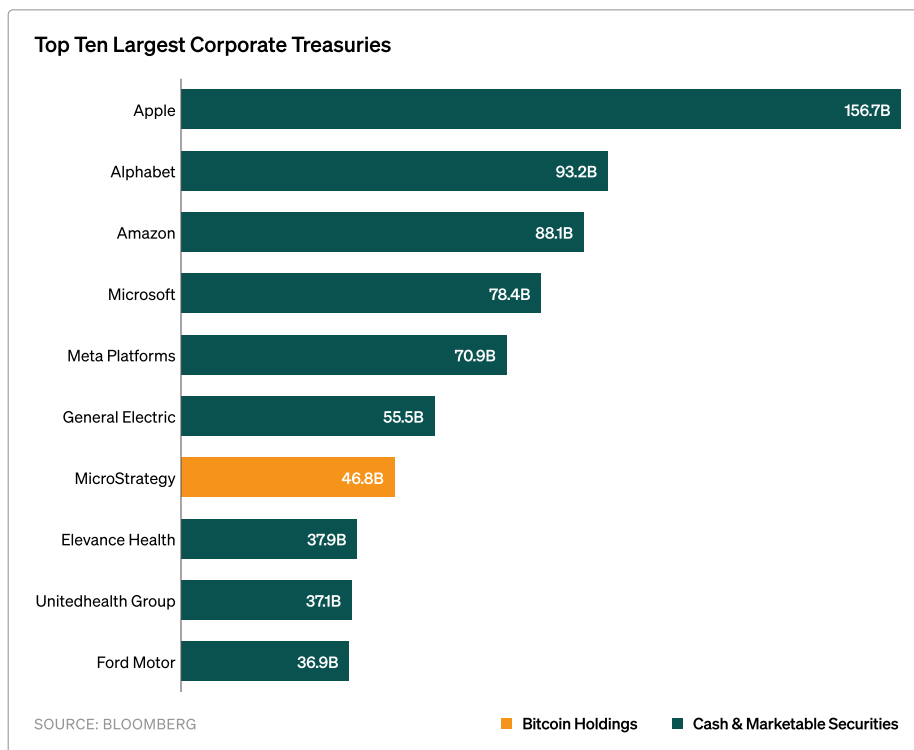
MicroStrategy was the first publicly traded company to adopt bitcoin as a treasury reserve asset in August 2020. Since then, MicroStrategy has outperformed every company in the S&P 500, showing the impact bitcoin can have when a corporation adds it to its balance sheet.



Furthermore, MicroStrategy has significantly outperformed other asset classes over the last five years such as equities, gold, silver, and bonds.



MicroStrategy has proven that adopting bitcoin as a treasury reserve asset can be a highly effective strategy for a corporation. MicroStrategy now has one of the largest corporate balance sheets by assets in the entire S&P 500. The main difference? MicroStrategy's balance sheet consists of an asset resistant to inflation that can appreciate in value rather than depreciate over the long term.



However, the increase in the value of its treasury and its stock performance are not the only ways that adopting bitcoin as a treasury reserve asset has benefited MicroStrategy. The company has also enjoyed:

- Transformation of Corporate Identity and Brand
- Expanded and Diversified Investor Base
- Enhanced Stock Liquidity and Trading Volume
- Increased Public Visibility and Media Coverage
- Competitive Differentiation

MicroStrategy's decision to allocate to bitcoin was not without challenges. The company was very tactful in how it communicated the strategy to its shareholders starting with modest allocations and leveraging experienced, regulated custodians and exchanges to manage its trade execution and security. By taking a methodical and transparent approach, MicroStrategy mitigated risks while positioning itself as a market leader in bitcoin corporate adoption.

All of the benefits that MicroStrategy has enjoyed are why other companies should strongly consider adopting a corporate bitcoin treasury strategy today. It could be one of the most important decisions a business leader makes today to change the trajectory of their organization.

# Implementing a Bitcoin Treasury Strategy: Key Considerations

“You can’t just talk about strategy.  
You have to execute it, live it, and make it happen.”

Jack Welch, Former CEO of General Electric

Adopting bitcoin as a corporate treasury asset requires a disciplined, multi-step approach to align strategic goals with legal, accounting, and operational frameworks.

The process begins with clearly defining objectives—whether as an inflation hedge, diversification tool, or to embrace innovation. These objectives should be presented to the board of directors through a detailed plan that outlines bitcoin’s long-term benefits while addressing potential risks. Engaging key stakeholders, including investor relations, compliance, and legal teams, ensures alignment and smooth execution of the strategy.

Developing robust policies and procedures is vital to formalizing the strategy. A bitcoin trading policy should define allocation limits, rebalancing guidelines, and authorized personnel responsibilities. Compliance and reporting frameworks must be established to ensure transparency and accountability at every stage.

With a clear plan in place, execution begins with determining the allocation size and acquisition strategy, such as dollar-cost averaging or lump-sum purchases. Selecting trusted vendors is essential—institutional-grade trading platforms ensure secure, efficient purchases, while third-party custody providers can be used to safeguard assets through robust security protocols and insurance coverage.

There are also accounting, tax, legal, and compliance that must be carefully considered. Under the new FASB guidance effective January 2025, companies can adopt fair value accounting for bitcoin, which will better improve transparency and align shareholder expectations. Legally, reviewing custodial agreements ensures clarity around counterparty risk and insurance.

By combining thorough planning, disciplined execution, and transparent communication, corporate leaders can integrate bitcoin into their treasury strategy while navigating its complexities with confidence.

# Security: The Cornerstone of a Bitcoin Corporate Treasury Strategy

“Risk-taking is an essential part of innovation. But if you’re going to take risks, you better know the downside.”

Jack Welch, Former CEO of General Electric

For corporate treasurers, a risk of holding bitcoin lies in inadequate security. Without proper safeguards, bitcoin holdings can be lost due to human error, hacks, or theft. This makes securing bitcoin holdings not just important but arguably the most critical step in adopting a bitcoin corporate treasury strategy.

Corporations have several custody options, each with distinct benefits and trade-offs. Below is a table that highlights three of the most common custody arrangements available for corporations with their pros and cons.

CUSTODY OPTION	PROS	CONS
Self-Custody	Full control over bitcoin holdings; no counterparty risk; customizable security measures (e.g., multi-signature wallets).	High operational burden; increased risk of human error and theft; limited insurance options.
Third-Party Custody	Advanced security features (cold storage, multi-signature); simplifies recordkeeping and reporting; reduces operational burden.	Counterparty risk; reliance on custodian solvency; fees for storage, transactions, and insurance.
Collaborative Custody	Enhanced security through shared control; greater involvement by the corporation; more user-friendly than full self-custody.	Higher operational burden and complexity compared to third-party custody; risk of human error and theft.

Many corporate treasurers will likely opt to partner with third-party regulated custody providers due to their lack of in-house expertise and to minimize legal liabilities. This is a similar setup seen in traditional finance, as many institutions use qualified and regulated custodians to hold stocks, bonds, and other investments.

Third-party custodians may offer advanced security features, comprehensive insurance coverage, and simplified regulatory compliance. However, entrusting a third party with bitcoin holdings introduces counterparty risk, emphasizing the need for rigorous due diligence.

When choosing a custody partner, security and compliance must be the top priorities. Custodians should provide security protocols that include cold storage, multi-signature wallets, and robust key management systems. Custodians should also hold SOC-1 and SOC-2 certifications, ensuring adherence to regulatory standards, while offering insurance coverage to protect against theft or operational failures.

Beyond technical features, a custodian's reputation, experience, and scalability are critical considerations. Corporations should assess the custodian's track record, client base, and ability to integrate with existing financial systems. Transparency in costs for storage, transactions, and insurance is also vital. A flexible, tailored solution aligned with the corporation's risk tolerance and treasury strategy is essential for operational efficiency.

BitGo has provided a checklist to help corporations perform proper due diligence when evaluating potential third-party custodians.

#### Regulation

- Regulated, qualified custodian
- Fiduciary duty to me or my organization
- Funds are held in a segregated manner
- Funds are never comingled with company assets
- Assets are bankruptcy remote
- Insured up to \$250M<sup>1</sup>

#### Wallet options

- Hot and cold wallets
- Support most or all of the coins/tokens in my portfolio

#### Wallet security

- Insurance coverage against theft, loss, or misuse
- Extra insurance available to purchase
- Wallets come with backup keys
- SOC1 and SOC2 accreditations
- Secure human processes to complement security technology
- Custom wallet policies like user permissions, whitelisting and transaction limits

#### Deploying funds

Access to:

##### TRADING SERVICES

- Settlement
- Staking
- Borrowing and lending
- DeFi

##### OFF-CHAIN TRADE WITH PARTNER EXCHANGES

- Trading, settlement, and staking are accessible from cold storage
- Quality price execution on trades
- Reasonable fee structure

#### Building platforms

- Ability to build on top of their wallet infrastructure
- Ease of integration

<sup>1</sup>[bitgo.com/resources/insurance](https://bitgo.com/resources/insurance)



## BitGo stands out as a trusted partner in the space

As a regulated qualified custodian, BitGo<sup>1</sup> offers industry-leading solutions supported by SOC-1 and SOC-2 certifications, multi-signature wallet technology, and insurance coverage up to \$250 million<sup>2</sup>. These measures are designed to mitigate risks and provide peace of mind for corporate treasurers.



SOC 2 type II



SOC 1 type II

“BitGo has invested the time and energy to bring the best financial tools from mainstream treasury management to digital currency, and it shows in the quality of their products and services.”

Nejc Kodrič, Co-Founder, Bitstamp

BitGo’s extensive track record reinforces its position as a leader in bitcoin custody. Trusted by over 1,500 institutional clients in more than 50 countries, BitGo has provided best-in-class custody solutions since 2013. With its deep expertise and experience, BitGo is positioned as a trusted partner to guide businesses through every step of their bitcoin treasury journey.

<sup>1</sup> BitGo operates multiple trust companies, each overseen by a different regulatory body. The products we offer and the coins/tokens we support differ by trust company. View the modules on [bitgo.com/legal](https://bitgo.com/legal) to see which offerings are available to customers of each legal entity.

<sup>2</sup> Find more insurance information at [bitgo.com/resources/insurance](https://bitgo.com/resources/insurance)

# Conclusion: Pioneering Resilience Through Bitcoin Treasury Strategies

■ “Change before you have to.”

Jack Welch, Former CEO of General Electric

In an era marked by elevated inflation, geopolitical instability, and increasing economic uncertainty, corporations face a pressing need to rethink how they manage their balance sheets. Bitcoin offers a transformational solution—an inflation-resistant, uncorrelated, and globally accessible asset that redefines treasury management for the modern corporation.

The journey to adopt bitcoin as a treasury reserve asset is not without challenges. From educating stakeholders and establishing robust policies to securing assets and navigating compliance frameworks, the process demands a disciplined and forward-thinking approach. Yet, as demonstrated by early adopters like MicroStrategy, the rewards can be significant: improved resilience, diversified reserves, enhanced brand equity, and a competitive edge in an evolving financial landscape.

BitGo stands ready to support corporations on this journey with best-in-class custody solutions, advanced security protocols, and regulatory expertise. By choosing the right partners and executing a clear, well-informed strategy, corporations can transform their balance sheets into assets of strength, agility, and endurance.

In the words of Jack Welch: "Change before you have to." Now is the time for corporate leaders to embrace innovation, secure their financial future, and set their organizations on a path toward long-term resilience and success. Bitcoin isn't just an asset; it's a strategic advantage. Let BitGo help you seize it.

[Plan Your Bitcoin Strategy →](#)



# Resources

## Case Study: Microsoft

[cointelegraph.com/news/microsoft-board-assess-investing-bitcoin-shareholder-vote](https://cointelegraph.com/news/microsoft-board-assess-investing-bitcoin-shareholder-vote)

---

## Proposal 5: Assessment of Investing in Bitcoin (Shareholder Proposal)

National Center for Public Policy Research has advised us that they intend to submit the following proposal for consideration at the Annual Meeting.

### Bitcoin Diversification Assessment

#### Supporting Statement:

In periods of consistent, and often rampant, inflation, a company's financial standing is unfortunately measured not only by how well it conducts its business, but also by how well it stores the profits from its business.

Corporations that invest their assets wisely can, and often do, increase shareholder value more than more profitable businesses that don't. Therefore, corporations have a fiduciary duty to maximize shareholder value not only by working to increase profits, but also by working to protect those profits from debasement.

The average inflation rate in the US over the last four years according to the CPI - which is a remarkably poor and corrupt measure of inflation - is 5.03%, peaking at 9.1% in June, 2022. But in reality, the true inflation rate is significantly higher than that, with some studies estimating it to be nearly double the CPI at times. So a corporation's assets have needed to appreciate at those rates over the last four years just to break even.

As of March 31, 2024, Microsoft Corporation has \$484 billion in total assets, the plurality of which are US government securities and corporate bonds that barely outpace inflation (if assuming that the CPI is accurate, which it isn't, so bond yields are actually lower than the true inflation rate).

Therefore, in inflationary times like these, corporations should - and perhaps have a fiduciary duty to - consider diversifying their balance sheets with assets that appreciate more than bonds, even if those assets are more volatile short-term.

As of June 25, 2024, the price of bitcoin increased by 99.7% over the previous year, outperforming corporate bonds by roughly 94% on average. Over the past five years, the price of bitcoin increased by 414%, outperforming corporate bonds by roughly 411% on average.

Microstrategy - which, like Microsoft, is a technology company, but unlike Microsoft holds bitcoin on its balance sheet - has had its stock outperform Microsoft stock this year by 313% despite doing only a fraction of the business that Microsoft has. And they're not alone. The institutional and corporate adoption of bitcoin is becoming more commonplace. Microsoft's second largest shareholder, BlackRock, offers its clients a bitcoin ETF.

Bitcoin is a more volatile asset, at the moment, than corporate bonds, so companies should not risk shareholder value by holding too much of it. However, as bitcoin is an excellent, if not the best, hedge against inflation and corporate bond yields are less than the true inflation rate, companies should also not risk shareholder value by ignoring bitcoin altogether. At minimum, companies should evaluate the benefits of holding some, even just 1%, of its assets in bitcoin.

**Resolved:** Shareholders request that the Board conduct an assessment to determine if diversifying the Company's balance sheet by including bitcoin is in the best long-term interests of shareholders.

---

## Insurance for Digital Currencies: What Clients Need to Know

[downloads.ctfassets.net/07w6k8dipy5o/5yVdH5uJ02uImIza24Zfp4/056a7bf75e414b02a248b9344c8bd2e1/BitGo-White-Paper-Insurance-For-Digital-Currencies.pdf](https://downloads.ctfassets.net/07w6k8dipy5o/5yVdH5uJ02uImIza24Zfp4/056a7bf75e414b02a248b9344c8bd2e1/BitGo-White-Paper-Insurance-For-Digital-Currencies.pdf)



## Key quotes from leaders adopting corporate bitcoin treasury strategy:

“Unlike any government-issued currency, bitcoin is not subject to dilution through endless money-printing, enabling it to be a valuable inflation hedge and an excellent addition to our treasury,”

[Rumble Chairman and CEO Chris Pavlovski](#)

“We believe it has unique characteristics as a scarce and finite asset that can serve as a reasonable inflation hedge and safe haven amid global instability...After studying various alternatives, we decided that holding bitcoin would be the best use of our excess cash,”

[Semler Scientific Chairman and CEO Eric Semler](#)

“This investment reflects our belief that bitcoin, as the world’s most widely-adopted cryptocurrency, is a dependable store of value and an attractive investment asset with more long-term appreciation potential than holding cash.”

[Chairman of MicroStrategy Michael Saylor](#)

“We view bitcoin as an instrument of global economic empowerment; it is a way for individuals around the world to participate in a global monetary system and secure their own financial future”

[Block](#)

“Genius Group is focused on educating students for the exponential technologies of the future. We see bitcoin as being the primary store of value that will power these exponential technologies.”

[Thomas Power](#)

“In our opinion, bitcoin’s inherent scarcity and finite supply position it as a modern hedge against inflation and a safe haven in times of economic uncertainty.”

[LQR CEO Sean Dollinger](#)

