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Are Crypto Treasury Deals Hurting Traditional Startup Funding?

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The cryptocurrency venture capital landscape in 2025 is undergoing a significant shift, with digital asset treasury (DAT) deals increasingly dominating the market. While these structures attract substantial investor attention, they are contributing to a noticeable slowdown in funding for traditional crypto startups.

So far this year, venture capital rounds in crypto, excluding DAT deals and token sales, have dropped to 856, compared to 1,933 in the same period of 2024, representing a steep 56% decline, according to The Block Pro data. Total funding has fallen marginally from \$8.13 billion in January–August 2024 to \$8.05 billion in 2025, a figure buoyed by Binance’s \$2 billion raise in March. Without that single raise, capital for traditional venture rounds stands at \$6.05 billion, about 26% lower year-over-year.

Investors are gravitating toward DAT structures for several reasons. They provide instant mark-to-market pricing, quicker liquidity compared to conventional ventures, and, when trading at a premium to market net asset value (mNAV), the ability to raise more funds, acquire additional crypto, and enhance NAV per share. mNAV measures the market price of a DAT’s shares relative to the per-share value of the crypto it holds. When trading above mNAV, a DAT can raise extra capital and continue building momentum.

For now, liquid funds are the most active players in this space, while some venture capital firms are using DATs as a temporary place to park idle capital until more suitable venture opportunities arise. Ed Roman, co-founder and managing partner at Hack VC, noted that this strategy offers short-term appeal. However, Michael Bucella, co-founder of Neoclassic Capital, cautioned that the durability of mNAV multiples in both bitcoin- and altcoin-focused DATs remains to be tested.

Alongside the rise of DATs, there is a broader shift toward fundamental value in early-stage investing. Investors now prioritize revenue-generating protocols with clear mechanisms for value capture. Bucella and Roman pointed to projects like Hyperliquid, which channels substantial revenue back to token holders, as a benchmark for new ventures. Pantera Capital general partner Cosmo Jiang described the capital destruction in “fundamentally valueless tokens” as a necessary reset, forcing a move away from speculative projects with little real utility.

Diogo Mónica, general partner at Haun Ventures, said the market has shifted “back toward equity and revenue, and away from ‘launch a token and figure it out later.’” This focus on tangible business models is reshaping how startups are evaluated.

Other structural challenges are also at play. Fundraising for smaller crypto venture funds has become more difficult since the 2021 boom, reducing the number of potential backers for early-stage projects. Breed VC founder Jed Breed noted that limited partner interest in smaller funds has cooled, diminishing available capital. Roman described a “Series A

crunch” caused by the limited number of firms able to lead such rounds and a more conservative approach from exchanges toward new token listings.

Despite tighter funding conditions, several investors see a silver lining. Mónica highlighted that weaker “spray-and-pray” pitches are being replaced by stronger teams with revenue streams, compliance measures, and distribution strategies, often in the stablecoin sector. Bucella added that better valuations for top-tier founders are giving investors greater room for negotiation, potentially leading to healthier long-term growth in the sector.