



Blockchain – the myths, the reality and realistic applications for driving innovation

Recognise,
implement
and
maximise

The Whitespace Corporate Innovation Club is a community of over 40 international and global corporate brands with a shared passion and interest in using innovation to help create different and new experiences and revenue models. The senior representatives from the different corporates either have a direct remit around driving innovation on behalf of their company or are a key contributor to it. The purpose of the community is to learn from each other – both successes and failures – but also learn from invited subject matter experts around specific topics or themes.

The Club meets bi-monthly and is always hosted by a Club member and chaired by Whitespace. The topics to be discussed have been collectively agreed by the members to have relevance to them and ones where they can both share and learn from. Depending on the topic external experts are invited to present, engage and provoke an honest and open dialogue amongst all the members.

Meeting Theme

The March 2018 meeting of the Corporate Innovation Club looked at the reality behind the hype around blockchain, the practicalities of such a technology, and what impact it may have on innovation.

And the meeting started with a rather unlikely question: 'who here doesn't really know what the blockchain is, but is already tired of hearing about it'? Several hands went up across the room, demonstrating the potential for hype and buzzwords to limit the impact of emerging technologies. We have all heard of the blockchain – typically with reference to cryptocurrencies like Bitcoin – but all the excitement around it has perhaps distracted from the reality of such a system, its potential and its relevance to Corporates.

As such, the Corporate Innovation Club gathered to separate hype and reality, and understand why blockchain may matter, rather than just be told it is the proverbial 'next big thing'. And never one to fail to innovate, this time the Club's meeting took a loose whiteboard workshop format, with charismatic visiting speakers Joel Semeniuk of Horizon Three and Robert Learney of Digital Catapult leading proceedings.

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Key Takeaways

Understanding the blockchain as a system to monitor complex systems.

Simply put, the blockchain enables a particular form of ledger to be created and maintained. It can also be understood to be a technology that is a platform on which large, complicated and decentralised databases of information can be built. The word 'decentralised' is important there. Blockchain's potential comes in its status as a 'distributed ledger'.

Blockchain, then, is the technology on which distributed ledgers and apps and systems that use them are built. Whereas a centralised ledger would be owned by the likes of banks and government – who would control access and editing rights to the information therein – a distributed ledger built on the blockchain exists on every computer of everyone that uses that ledger. Any changes made at one computer are near-instantly made everywhere else that ledger exists, thanks to synchronisation over the internet. And complex algorithms make sure that a given blockchain database or application cannot be 'controlled' or adjusted unfairly from a singular point. Blockchain databases can, however, be limited by private networks of members, or offered as truly public entities.

Blockchain systems offer trust and democratic access to information.

If the entirety of a system is constantly updated and available to all involved in that system, there is little-to-no capacity for mistrust. In short, no single owner is able to police, control or influence the system. Power to do those things is taken from individuals, and spread equally



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between the masses. At a fundamental level, the blockchain can be understood to offer an intermediary that monitors sales, movement of goods, administration and the delivery of service. However, instead of that intermediary being a powerful individual or single organisation, it is potentially a crowd of millions, all able to adjudicate and check every step of a process. In many cases the 'owners' of a blockchain application are also the 'users' of that application.

Working case studies make the potential of the blockchain much more straightforward to comprehend, and harness.

If the blockchain is the foundation for decentralised databases of information that are updated simultaneously and universally with every change made to them, they have many uses.

- Consider the **human food supply chain**, and a headline-grabbing crisis where a potentially harmful or unsafe element has been introduced to that food supply, such as the horse meat scandal. With a blockchain monitored food supply, every ingredient, supplier, shipping container, logistic route, retailer and even point of sale could be tracked by anybody within that system, instantly and without being prevented, making identifying the point of contamination relatively easy, and deterring intentional contamination.
- **Car manufacturer Renault** uses a blockchain system to track every individual car part, manufacturing process, sale, maintenance procedure, official repair and more, providing a robust and contemporary data set for anybody working on their cars. This means a mechanic will have all the information on every part in a car, and not just those they have processed. The same blockchain technology could also have a record of that mechanic's work on Renault cars, providing an automated 'CV' or rating of their work.
- In the case of **international shipping**, one of the most significant costs comes from the high insurance rates. Those rates are substantial in part because of the remarkably complex task of tracking every object in every shipping container on every boat and in every port in the world. In the surprisingly common case of a container lost at sea, making a claim is hard if that exact container and its precise contents cannot be tracked and quantified. In simplifying and capably handling that rapidly evolving database of billions of items, shipping could become much more affordable, as well as significantly more accountable.

The blockchain isn't only about cryptocurrencies

While Bitcoin and its ilk have presented the most high-profile case study of blockchain use – where a blockchain solution monitors the movement and ownership of cryptocurrencies – it would be wrong to believe that blockchain and cryptocurrencies are one and the same thing. Their histories are tied, but not their application. To quote FT technology reporter Sally Davis '[Blockchain] is to Bitcoin, what the internet is to email.' As such, it is wise to think of the blockchain as a foundational technology, and not a single application or technology.



Blockchain won't change the core of your business; it is likely to significantly reshape the framework in which your business operates.



If the internet changed your business, blockchain will have at least as profound an effect.

It was pointed out that even 'non-technological' work has been revolutionised by the internet. The example was put forward that a self-employed sole-trader gardener in 2018 will likely have an email address, website, social media presence and perhaps do their accounting through a cloud-based app, while advertising on websites. The craft of landscaping a garden and helping plants thrive may be the same as ever, but the context in which that business is conducted has changed a great deal.

The takeaway? Even if the blockchain won't change the core of your business, it is likely to significantly reshape the framework in which your business operates.

The blockchain is not a tool for corporate innovation; it is a technology that allows you to create those tools. And it is 'easy' to come up with ideas.

In a workshop context the Corporate Innovation Club members brainstormed ideas for how to implement blockchain-based concepts, both as an innovation technologies, and more broadly.

- Suggestions were put forward for many concepts, including: highly individual customer loyalty initiatives that understand every nuance of an individual and their tastes; automated product personalisation that gives individual goods unique, authentic production stories on their packaging; systems to distribute aid in international emergencies; an HR and recruitment tool that offers access to 'unembellished' CVs built from a blockchain database monitoring genuine qualification and performance.
- To ask yourself how the blockchain could be useful in a corporate innovation context, ask 'how would a decentralised, connected, near-instantly updated database of information be useful?'

There are challenges to the blockchain revolution.

- As blockchain databases and ledgers grow in size through use, they may start to exceed the abilities of the network of ordinary computers on which they are supported, stored and maintained. While blockchain-based decentralised ledgers are currently very small in terms of memory and storage consumption, they may over time grow in size at a pace greater than leaps forward in computing storage capacity.
- Many of the best blockchain ideas already exist. If you have an idea for a blockchain-based innovation, research carefully to see if a parallel exists, and what lessons can be learned from those similarities.
- What makes a meaningful application of blockchain technology is still an emerging speciality. As such, in a Corporate innovation context, you should embrace your first blockchain innovation expecting it to fail. As is so often the case with Corporate innovation initiatives, where results are concerned, in the first instance it is best to expect to learn and better understand the concept, rather than assume quantifiable innovations to the wider Corporation will be delivered.

- Blockchain projects are inherently complicated. Start simple and be selective with how many partners – internal and external – you involve.

For Further Consideration

- How could a live decentralised database be used in terms of the goals of your next Corporate innovation initiative?
- Where and how have blockchain ideas comparable to your own succeeded and failed?
- As with the previous meeting on engaging with tech start-ups, how can C-suite be convinced of the benefits of Blockchain when early initiatives are likely to fail?
- How can the distinction between blockchain hype and reality be communicated across your innovation team, and beyond to your Corporation broadly?



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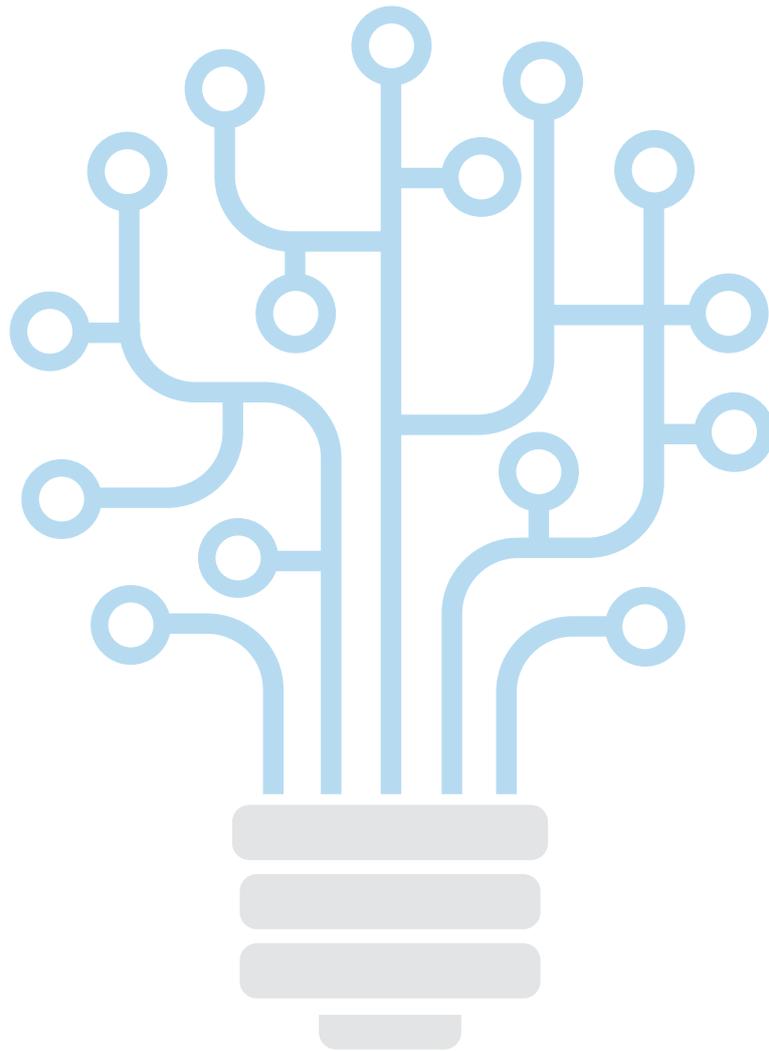
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