



Blockchain is best known as the distributed ledger technology behind digital currencies like Bitcoin, Litecoin and Ethereum, but while its role in cryptocurrency gets the most attention, blockchain is much more than just an instrument of finance. In the near future, the technology is likely to have a major impact on industries from charity to real estate.

"Blockchain has already built a strong foundation to drive change," Kirill Timofeev, Principal Consultant at <u>DataArt</u>, told <u>Generis Group</u> in an interview.

"For the past several years, blockchain has achieved widespread attention and has been evaluated across multiple domains ranging from finance, insurance and governance services to healthcare and life sciences," Timofeev added. "It creates a new asset class that powers decentralized solutions. Those applications have little to do with digital currencies and are not competitors to fiat money. Blockchain is a new model, a new form of software, and that being said, it's not better or worse than traditional applications and technologies. It is different."

Ahead of the <u>American CIO & IT Summit</u>, Generis Group spoke with Timofeev to discuss current trends, strategic insights and best practices in blockchain technology. Here, we examine how companies can use blockchain alongside their current technology systems, the challenges should companies be aware of in their first DLT project, and three blockchain trends companies should look out for in 2019.



How can companies use blockchain alongside their current technology systems?

Blockchain shapes a distributed network of trust that does not require a single participant to be responsible for the entire ecosystem. It is a network without a single point of failure that reduces potential risks and wait times to settle distributed transactions, minimizes inefficient flows and eliminates duplicate ledgers and sluggish reconciliation processes. These concepts include immutable transactions, the ability to prevent data loss, traceability of digital assets or resources, cryptographic security, consensus mechanisms, joint transaction validation by untrusted participants, and other core concepts. These approaches are all enabled in the cloud and in a distributed, shared fashion.

Blockchain is a foundational technology that addresses the competitive challenges many companies face, including trends of digitalization and moving away from legacy and paper-based processes across multiple organizations. Below is a brief list of projects that use blockchain technologies to streamline their processes:

- **E-proxy voting system:** Ensures a secure and transparent voting process for corporate actions such as fully automated and secure voting, process transparency and traceability for voting participants and auditors.
- Blockchain-based car services: Creates an ecosystem that helps to deal with insurance and service bureaucracy, eliminates the necessity to prove accident details, and adds clarity to car sales operations by logging the condition of the car and state of purchase to speed up transactions.
- Lottery/fundraising: This solution as a service combines gambling, charity and blockchain. It creates a ledger of financial transactions for gamblers and encourages social responsibility through transparent fundraising that generates trust amongst donors. A blockchain business model is aimed at empowering not-for-profit innovation.

- Travel delay coverage application: A blockchain system will create smart contracts between passengers and insurance companies. In the event of a flight delay or cancellation, the passenger receives an immediate insurance payout.
- Reinsurance/insurance: Implementing a blockchain solution helps manage global corporate insurance policies across a complex chain of intermediaries and local versions of the global policy. It uses a special document management solution to build global templates and manages adaption of the global policy conditions found in local chapters with varying rules, translations and procedures.

What challenges should companies be aware of for their first DLT project?

- Do not start with a market-wide solution. Identify a small problem and improve the process incrementally. It is easier to verify your idea with point solutions.
- Blockchain is a distributed network of trust, which is why your organization should consider looking for partners that share the same goals.
- Blockchain solutions take time, patience and lots of experiments. There are no shortcuts.
- Blockchain resources are unicorns in the software space and finding a great technologist in this niche area is difficult. It is crucial that you have an expert in your team when you start a blockchain project. One method to help your search is to partner with a university to help find talented technologists who can one day become blockchain experts. You will need to invest time to train this individual with production and enterprise skills. Outsourcing and consultancy is another option that allows you to ramp your team up in the beginning of the project and later build permanent teams if it is necessary.
- Go to the cloud, use containers or anything that would help to build infrastructure once and re-use it later.

Ultimately, do start blockchain; not doing blockchain is not an option.

What are three blockchain trends companies should look out for in 2019?

In 2019, we will see more projects apply blockchain processes that are not directly related to payments or cryptocurrencies. For example, in the insurance industry, we expect to see a surge in R&D and implementations focused on the exploration of permissioned blockchains and applications of smart contracts that target inefficiencies and delays in business flows related to checks, controls and reconciliation.

Blockchain technology will be combined with machine learning capabilities, making it possible to develop sophisticated decisions (e.g. insurance approvals) automatically. Use cases that lend themselves well to this blockchain-driven innovation include contract placements, claims assessments, trigger-based invoicing, technical accounting and settlements.

Blockchain implementation across industries still has a way to go, but 2019 is set to be the turning point. No longer is blockchain a mysterious and overhyped technology trialed only by the few. It is a technology embraced by industry leaders who are committed to its potential to transform businesses and industries far beyond its modest cryptocurrency and bitcoin origins.