

From vision to reality

“We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don't let yourself be lulled into in action.”

Bill Gates, technologist and philanthropist

Today, performing an online transaction – such as paying for goods or services – is almost impossible without involving a third party, such as a bank or credit card company. When these transactions work, they are taken for granted. When they fail, the complexities, fragmented nature and opacity of the systems used to handle the exchange are often exposed.

Some bold predictions suggest that the institutions at the centre of current transaction systems will cease to exist in just a few years. Others are more conservative, positing a relatively low impact in the short term for blockchain applications other than payments. The reality is likely to be somewhere between these two extremes. And different markets will also move at different speeds, particularly where the role of central institutions is less dominant.

Jonathan Swift, author of *Gulliver's Travels*, said, “*Vision is the art of seeing what is invisible to others*” and this quote sums up what is needed from businesses today. As the blockchain ecosystem steadily builds, the prospects of more significant change occurring within the next decade will increase. Organisations that fail to create a vision and adopt a ‘wait-and-see’ attitude towards blockchain are unlikely to develop the expertise or break down the organisational and cultural barriers needed to work effectively with this new technology. Nor are they likely to engage their peers or stakeholders in discussions about how the technology may affect their industry at large.

For start-ups and entrepreneurs, interest in the blockchain space is growing rapidly. For legacy organisations, particularly large multinationals, the situation is more challenging. These types of organisation can be stirred into action by identifying specific opportunities where the existing modes of value exchange in the sector create bottlenecks and then analysing how a distributed ledger might help address them. By solving concrete problems, organisations can more effectively identify the technical, organisational, cultural and talent changes necessary to realise new benefits – and then scale what works.

Beyond the tactical changes for organisations, it is important to consider the potential magnitude of business and process change caused by a shift onto sector-wide blockchain platforms. Engaging with like-minded organisations to develop and foster these collaborations and prepare for change is vital. Understanding the risks and level of disruption beforehand is also key to the design of effective systems.

Ultimately, the blockchain is not just about cryptocurrencies and faster peer-to-peer payments. It is also part of an ecosystem of advanced but fledgling technologies, including artificial intelligence, robotics and crowdsourcing, that look set to play a fundamental role in the future of commerce and society. Blockchain will affect the way that individuals and organisations interact, the way that businesses collaborate with one another, the transparency of processes and data, and, ultimately, the productivity and sustainability of our economy.