A Non-Technical Business Guide on How to Become a Blockchain Knowledge Resource in your Company

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Introduction

Not long ago I tried to stop using the word 'blockchain' in my presentations because I came to realize that for all the hype around the subject, it was a constant struggle getting prospective clients comfortable with the idea that some nascent technology would be able to change their way of doing business for the better.

I found that I mistakenly spent too much time trying to communicate the technical features of blockchain such as cryptographic identity, transactional security, and immutability, and did not spend enough time sharing the potential benefits to their business if they were to consider adopting the technology. The hype around blockchain was not helpful as the mere mention of the word usually brings reactions of either gleeful enthusiasm or healthy skepticism.

Although blockchain is not a solution for everything (such as a bad boss), if thoughtfully explored it can be a solution for some of the most pressing business problems today if you understand that implementing it in your company will first require a non-technical approach to help bring your business stakeholders along for the journey. You will also have to get used to seeing things through the lens of your industry, suppliers, and customers, and not just your company.

Before we get Started – A Few Rules of Thumb

Being mindful that all things related to technology are subject to change with the technology, here are a few important rules of thumb that may be helpful:

- Blockchain is not a solution for every business problem
- Blockchain is a team sport, it works best when consortiums of businesses with shared goals use it together (you, your competitors, your suppliers, your customers, and sometimes your regulators)
- No single entity 'owns' the blockchain network, just as no single entity owns the internet but we all benefit from using it
- A blockchain contained to within a single company is (generally) not a valid use case
- At least <u>some</u> benefits of an enterprise blockchain network should accrue to <u>all</u> of the members of the network at scale, not just a few
- A 'proprietary' blockchain network that is not interoperable with other blockchains defeats the value proposition of blockchain
- Think big, start small

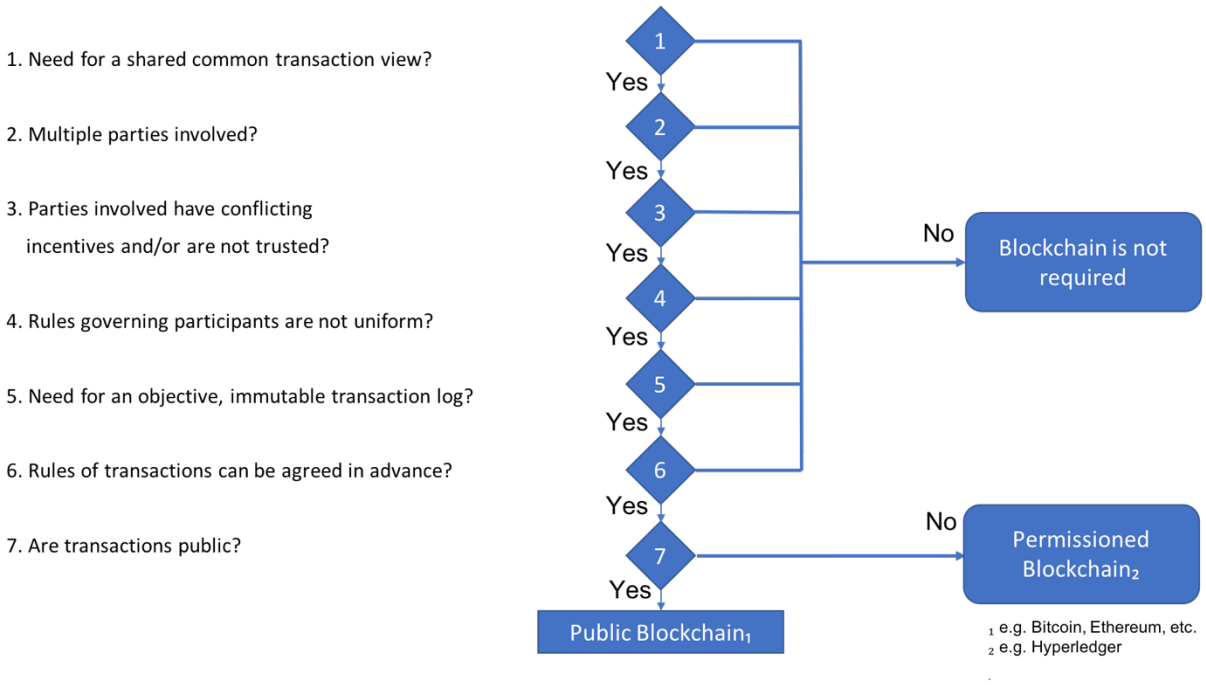
Develop your Business Methodology for Blockchain Use Cases

Establish a methodology to identify candidate use cases that have implications both inside and outside of your company remembering that blockchain is a team sport. Think about the business problem you are trying to solve and ask yourself if there is a benefit to your suppliers or competitors – perhaps a shared objective of standardization and transactional efficiency.

Granted, this may seem like a new way of thinking, but chances are your company already does this on a daily basis in the form of their membership in trade associations or as participants on standards making bodies for your industry.

For example, the oil & gas industry in the United States has a long history of cooperation with suppliers, competitors, and regulators in the form of their participation as members of the American Petroleum Institute, in joint industry projects (JIP's), and joint development agreements (JDA's). They do this to realize shared business goals related to standards and standardization.

What Constitutes a Valid Blockchain Use Case?



(adapted from The Linux Foundation)

In a permissioned enterprise blockchain network, the rules are pre-agreed in advance by members of the consortium, and there is no need to distribute the shared ledger outside the consortium. Transactional details are kept private between the transacting parties, even though others are on the same network.

The Value Proposition of Enterprise Blockchain

Generally, the value proposition around enterprise blockchain networks is more likely to be realized when all consortium members are on the same transactional network instead of their own disparate networks. Quantifying the value will differ depending on the consortium members, the pre-agreed rules, and how metrics are developed and measured by each member.

When to apply blockchain technologies to solve real business problems

- Did you identify a transactional business process that is highly manual, cost prohibitive, and requires constant email, phone calls, or other manual intervention to know or document the status?
- Would an implementation of enterprise blockchain benefit all parties in the transaction?
- Do you have processes that still use paper to prove the validity and/or provenance of the transaction?
- Do you have processes that are continually problematic when being audited?

These are a few examples to get you started thinking about how to form a viewpoint when considering the application of blockchain technology and how it might help you solve real business problems.

How to apply blockchain technologies to solve real business problems

1. Identify a valid use case, preferably in collaboration with an industry consortium or at least between your company and one or two of your suppliers or customers (a mini consortium – remember, think big and start small)
2. Together, develop a hypothesis around how blockchain helps the use case realize the value proposition for all parties involved
    - **Oil company example hypothesis**: By implementing blockchain technology on our produced water hauling business processes, we can eliminate paper tickets and the processing overhead associated with them
    - **Oilfield Service Company example hypothesis**: By joining oil company consortium as their service company, we can get paid faster and reduce our days-sales-outstanding by *x*-days by eliminating paper tickets
3. Define success/failure criteria to prove/disprove your hypothesis
4. Work with a solution provider to help you develop your proof-of-concept and implement it on a live blockchain network and apply your success/failure criteria
5. If successful, work with your solution provider to scale the proof-of-concept to a pilot project and if that is successful, scale the entire consortium onto a production network.