

# SESSION 4 - CONSORTIA ROUNDTABLE AND THE FUTURE OF BLOCKCHAIN

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# SPEAKERS

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**CONSORTIA**

# WHY WE NEED CONSORTIA IN BLOCKCHAIN

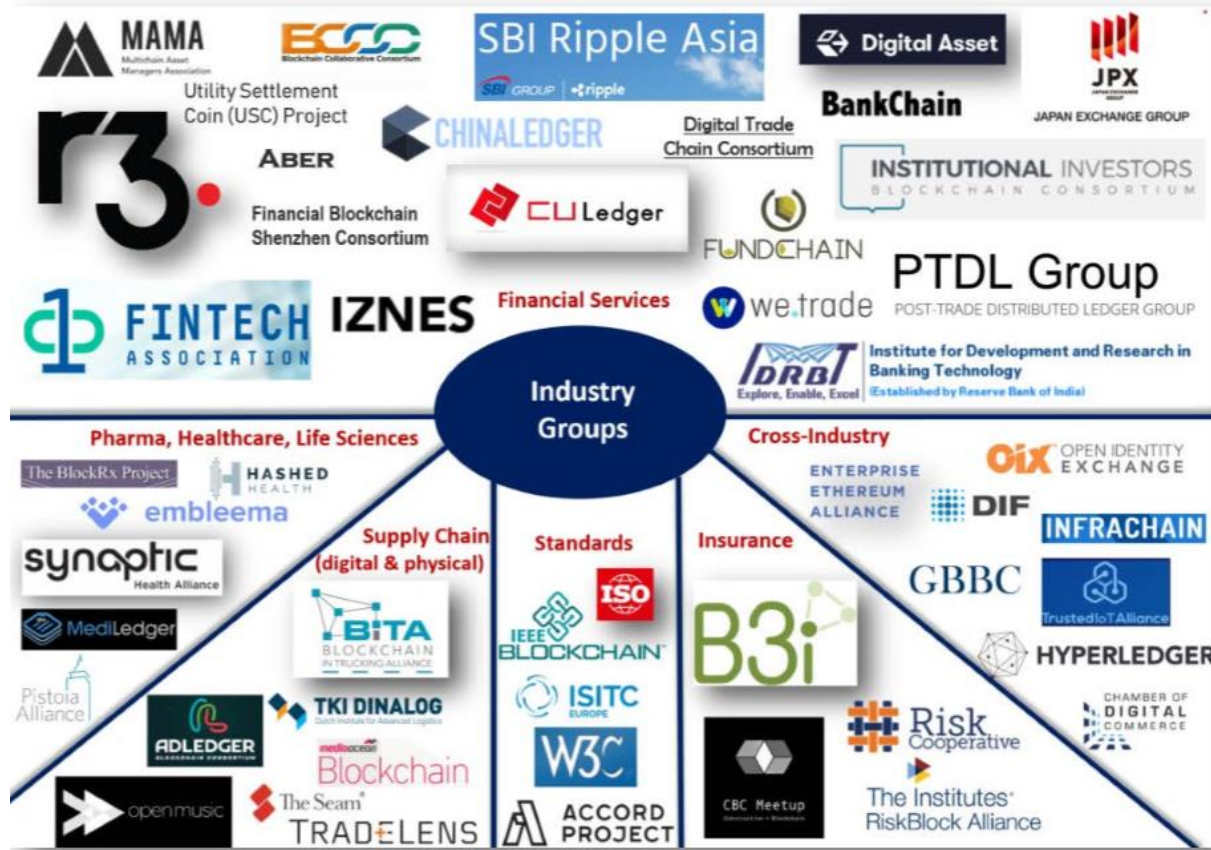
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Blockchain requires getting all players in the ecosystem to work together, many of whom traditionally compete, to;

- Solve common business challenges;
- Serve customers more effectively;
- Establish common industry standards;
- Host multiple nodes globally; and
- Address regulatory, security and privacy issues.

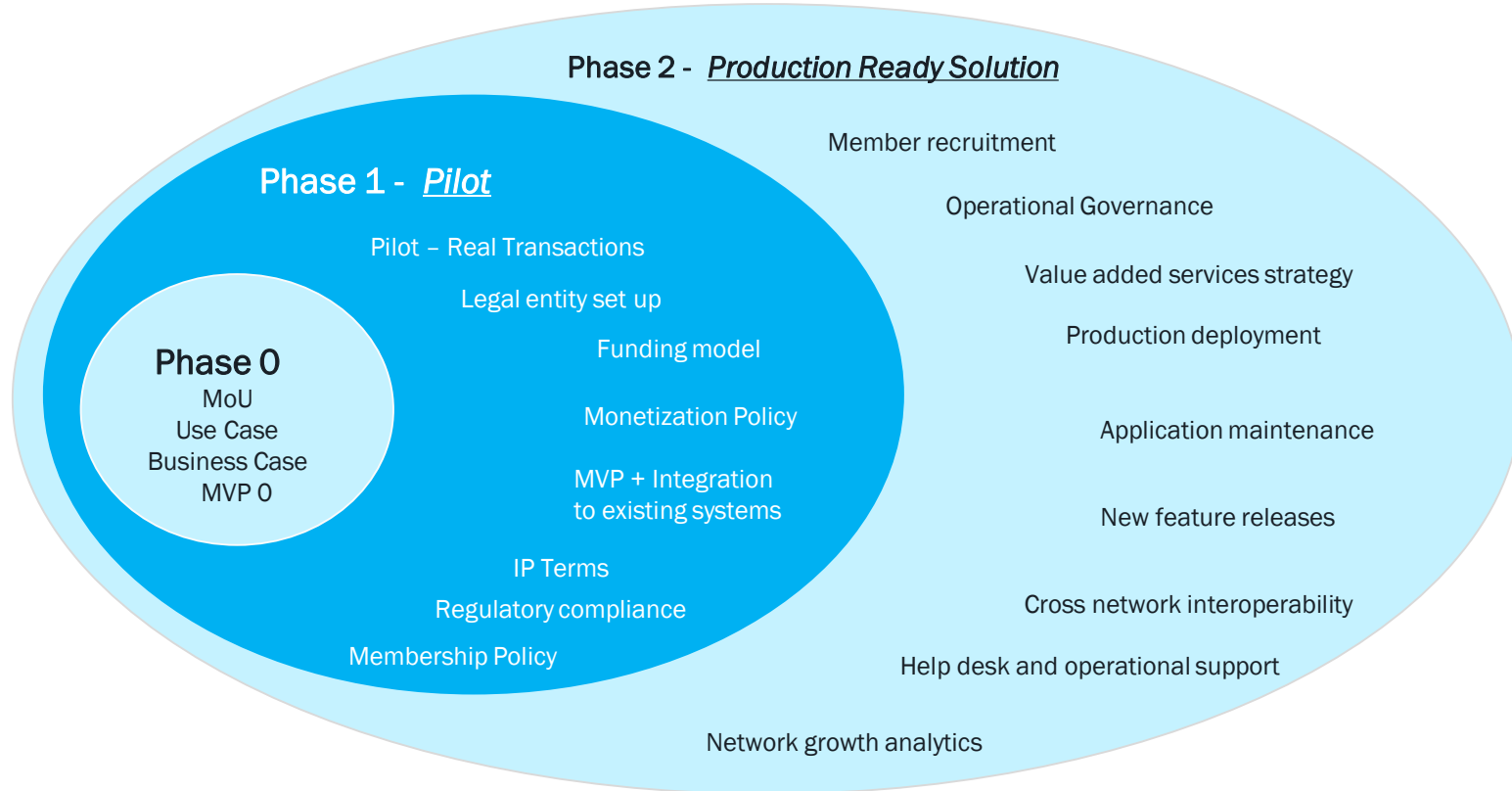
**THIS DRIVES THE NEED FOR CONSORTIAS, WHICH WILL  
INITIALLY BE INDUSTRY-FOCUSED**

# BLOCKCHAIN CONSORTIA BY INDUSTRY



# CONSORTIA JOURNEY MAP

Three phases of “Go to Market” for a consortium



# SUCCESS FACTORS IN BUILDING A CONSORTIUM

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Clear definition around **governance** and **alignment** of the consortium's goals and stakeholders' interests need to be agreed upon early on in the journey



Establishing an operating body to decide on **legal framework**(to address disputes, liability, compliance), **membership management** (includes fees, monetization policy and expansion) and **technology steering committee** (architecture, security, data privacy) will be critical to consortium's longevity.



**Blockchain technology is evolving fast**, it is critical to **adopt an open architecture**.



**Business network design** needs to be **inclusive and extensible**.



**Building and implementing production Blockchain network is complex** – make sure partners have proven experience and expertise to implement the business network.

# INDUSTRIES DRIVING ADOPTION OF BLOCKCHAIN



## Top Industries Driving Adoption of Blockchain

- Public Sector
- Financial Services
- Healthcare
- Other
  - Supply Chain
  - Food Safety and Origin
  - Real Estate Title Registry
  - Media Digital Rights Management



# IBM FOOD TRUST

## What?

- Traceability of food from “farm to fork”

## How?

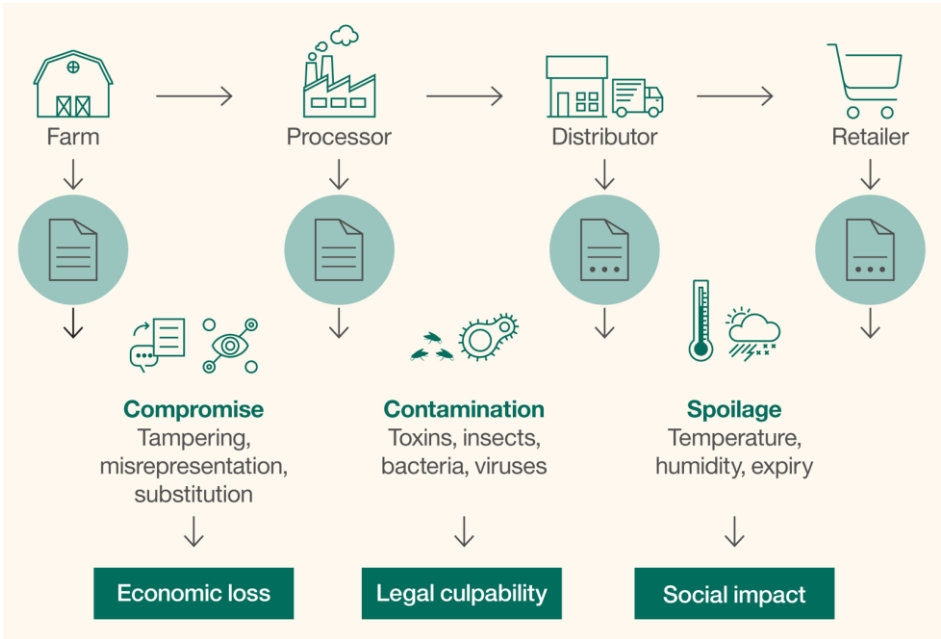
- Blockchain holds history of food items processed through entire supply chain

## Offerings

- Product Recall Assistant
- Free Data Entry & Access
- Certificate Manager

## Benefits

- Increased trust – multiplied by each participant in food supply chain
- Pinpoint source of compromised food, reducing the unnecessarily broad recall
- Improved co-ordination in food supply chain



# IBM DIGITAL TRADE FINANCE

## What?

International trading system for major world banks including Deutsche Bank, HSBC, KBC, Natixis, Rabobank, Société Générale and UniCredit

## How?

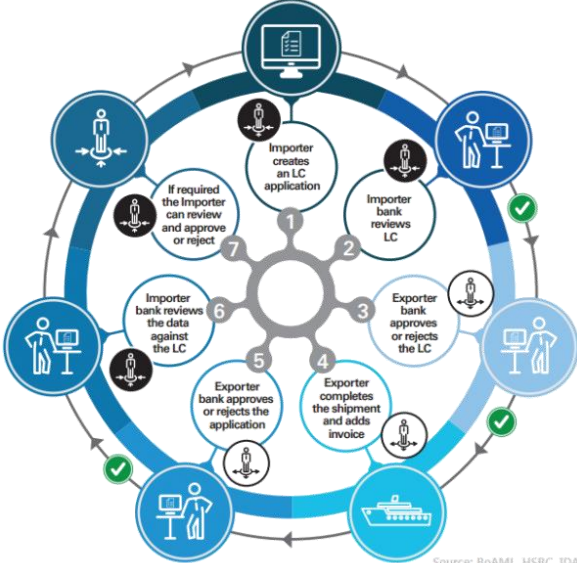
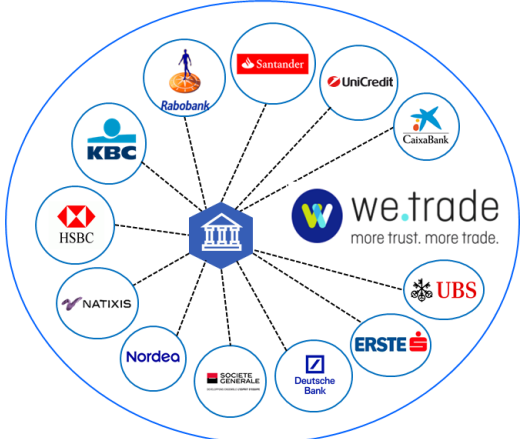
Connects all parties involved in international trade; allows banks to extend services and provide more efficient use of capital; allows rapid deployment of smart contracts; and enables accurate trading posture information, order to settlement control, risk coverage, track/trace options

## Offerings

Self service - Small & Medium Enterprises Financing  
Future offerings = KYC, Large Corporate Financing, Trade Insurance

## Benefits

Near-real time exchange of information  
Continual business / compliance readiness  
Scalability that allows for rapid global expansion



Source: BoAMI, HSBC, IDA

# IBM TRADELENS PLATFORM

## What?

Digitizing the global supply chain

## How - Connects the ecosystem

Brings together all parties in the supply chain onto a Blockchain-based platform with a secure permission and identity framework

## Drives true information sharing

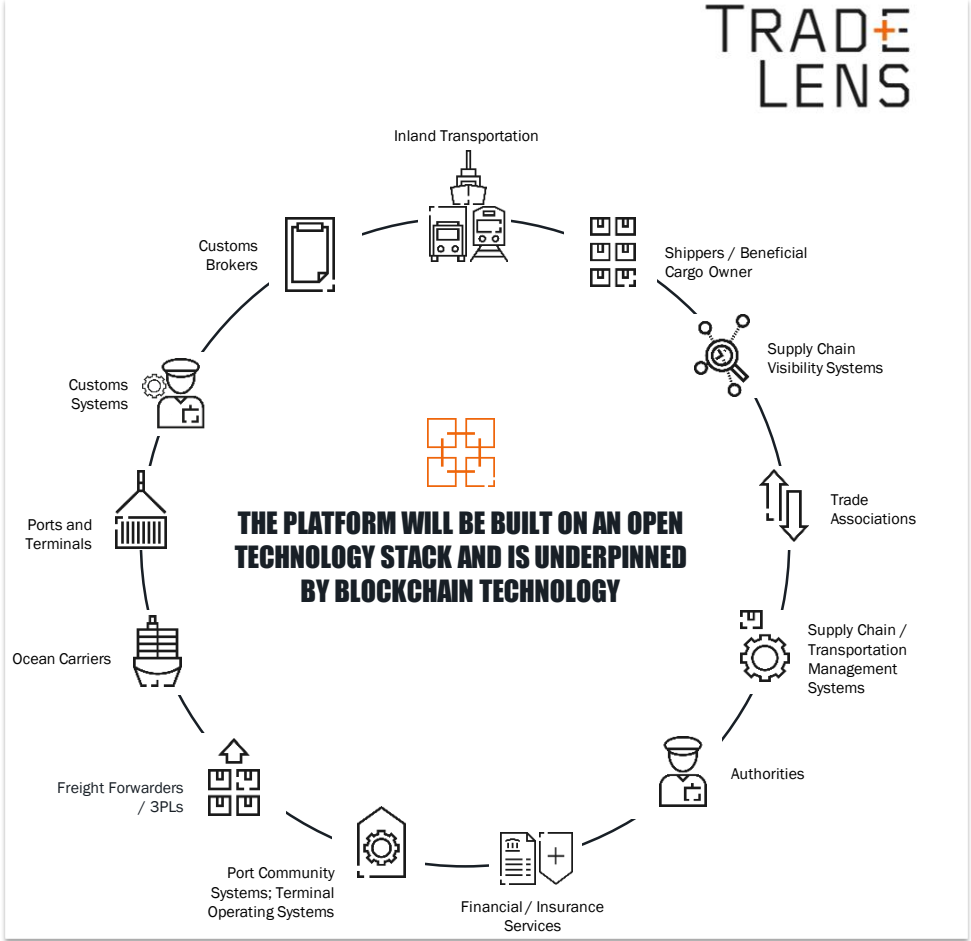
Provides for the seamless, secure sharing of real-time, actionable supply chain information across all parties to a trade

## Fosters collaboration and trust

Enables the digitization and automation of the cross-organization business processes integral to global trade, including import and export clearance

## Spurs innovation

Lays the foundation for ongoing improvement and innovation through an open, non-proprietary API, the use of standards and promotion of interoperability, and the launch of an Applications Marketplace



# CROSS - ETHEREUM ENTERPRISE ALLIANCE

<b>Purpose:</b>	The Enterprise Ethereum Alliance is a member-driven standards organization whose charter is to develop open, blockchain specifications that drive harmonization and interoperability for businesses and consumers worldwide.
<b>Governance:</b>	EEA has various membership “classes.”  Class A members make up the Board of Directors.
<b>Cost:</b>	Minimum \$3,000/year, up to \$25,000/year depending on the size of organization.
<b>Requirements to Participate:</b>	None noted on the website.
<b>Working Groups:</b>	Both technical and special interest groups available.
<b>Blockchain Ecosystem:</b>	Ethereum.
<b>Educational Content:</b>	Webinars, online courses (fee), in-person courses (fee), videos, blog, technical documentation.

# CROSS - GLOBAL BLOCKCHAIN BUSINESS COUNCIL

<b>Purpose:</b>	The organization brings together innovators and thought-leaders from over 50 countries to further adoption of blockchain technology by engaging and educating regulators, business leaders, and lawmakers on how to harness this groundbreaking technology to create more secure, equitable, and functional societies.
<b>Governance:</b>	Independent Board of Directors.
<b>Cost:</b>	Membership appears to be tier based, however the website does not describe the tiers, costs, benefits, etc.
<b>Requirements to Participate:</b>	Website indicates applicants are carefully vetted by leadership but doesn't describe the vetting process or criteria.
<b>Working Groups:</b>	Working groups available based on industry verticals.
<b>Blockchain Ecosystem:</b>	Blockchain agnostic. Group is focused on education and adoption rather than technology development.
<b>Educational Content:</b>	Legal and regulatory updates for law firms, use case library, and other events.

# STANDARDS - ACCORD PROJECT

<b>Purpose:</b>	The Accord Project is an open ecosystem enabling anyone to build smart agreements and documents on a technology neutral platform.
<b>Governance:</b>	The Accord Project is governed through the Linux Foundation – the leading organization for the management of open source software projects – and an Advisory Board. The codebase is maintained by a Technical Steering Committee and open source contributors.
<b>Cost:</b>	Free.
<b>Requirements to Participate:</b>	None noted on the website.
<b>Working Groups:</b>	Technology working group available.
<b>Blockchain Ecosystem:</b>	Blockchain agnostic.
<b>Educational Content:</b>	Webinars, technology calls, meetups, and other events.

# FINANCIAL - R3

<b>Purpose:</b>	R3 is an enterprise software firm working with a network of over 200 banks, financial institutions, regulators, trade associations, professional services firms and technology companies to develop on Corda, its blockchain platform designed specifically for businesses.
<b>Governance:</b>	Independent Board of Directors.
<b>Cost:</b>	Substantial (six figures).
<b>Requirements to Participate:</b>	None noted on the website.
<b>Working Groups:</b>	<p>R3 has tracks for participants depending on interests.</p> <p>R3 also hosts the Legal Center of Excellence as a platform for the global legal community to get the latest updates and share best practices regarding blockchain technology and R3's blockchain platform Corda.</p>
<b>Blockchain Ecosystem:</b>	Blockchain agnostic.
<b>Educational Content:</b>	Podcasts, blog, videos, CordaCon conference (2-day).

# LEGAL - GLOBAL LEGAL BLOCKCHAIN CONSORTIUM

<b>Purpose:</b>	The GLBC organizes and aligns global legal industry stakeholders to enhance the security, privacy, productivity, and interoperability of blockchain technology.
<b>Governance:</b>	Independent Board of Directors.
<b>Cost:</b>	Free.
<b>Requirements to Participate:</b>	Members are asked to consider a proof of concept project using blockchain in the legal industry.
<b>Working Groups:</b>	Technical Advisory Board and Policy Committee advise the Board of Directors. Communities of interest and other committees are under development.
<b>Blockchain Ecosystem:</b>	Blockchain agnostic.  At this point, GLBC participants are offered free use of the Integra Ledger to develop POCs.
<b>Educational Content:</b>	Webinars, workshops, regional briefings, blockchain 101, and other events.



# PUBLIC - GOVERNMENT BLOCKCHAIN ASSOCIATION

<b>Purpose:</b>	The GBA promotes blockchain technologies by empowering individuals and organizations to connect, communicate, and collaborate to solve public sector challenges around the world. GBA emphasizes the government's role with the future of money, cryptocurrency, and the law.
<b>Governance:</b>	Advisory Committees provide recommendations to GBA Core Team.
<b>Cost:</b>	Individual \$299/yr. Organization \$1500-\$20,000 depending on size.
<b>Requirements to Participate:</b>	None noted on the website.
<b>Working Groups:</b>	Communities of interest based on blockchain technology, geographic regions, special interests, etc.
<b>Blockchain Ecosystem:</b>	Blockchain agnostic.
<b>Educational Content:</b>	Podcasts, online courses (fee), in-person courses (fee), videos, blog, etc.

# FUTURE OF BLOCKCHAIN

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- Extremely powerful technology with potential impact across all industries and businesses. Could be bigger than the internet revolution
- Wide-spread commercial adoption is likely to take another 3 to 5 years as:
  - Many issues still need to be resolved, both on the business and legal side;
  - Technology is still at a nascent stage.
- Legal industry will likely be a follower, not a leader in the adoption of blockchain

# ISSUES TO BE RESOLVED FOR ADOPTION

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- Clear value proposition for use of Distributed Ledger Technology;
- Getting players to move from competition to cooperation;
- Establishing common industry standards;
- Having assets that can be digitized; and
- Solving interoperability issues between platforms.

# REGULATORY ISSUES STILL TO BE ADDRESSED

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Jurisdiction  
Applicability



Smart Contract  
Enforceability



Intellectual  
Property  
Ownership



Compliance with  
industry  
regulations



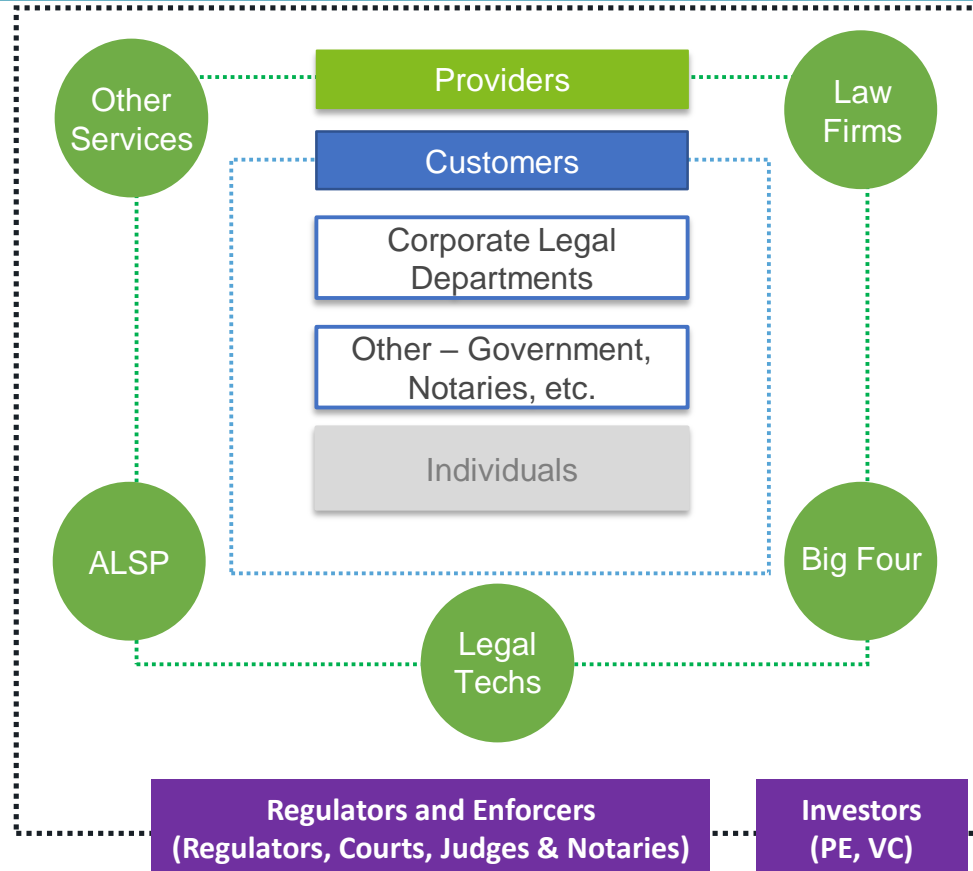
Legal Liability  
in a DAO



Exiting the  
Blockchain

In addition, Security & Privacy issues need to be addressed

# THE LEGAL SERVICES ECOSYSTEM



# POTENTIAL ACTIONS FOR CUSTOMERS

## Corporate Legal Departments

- Understand the legal, security, and privacy issues around blockchain;
- Advise business as they run blockchain proofs-of-concepts (POC); and then adopt;
- Run blockchain experiments to:
  - Efficiently execute legal services;
  - Verify and authenticate legal business operations;
  - Improve efficiency of legal tasks performed.

## Government Agencies and Notaries

- Run blockchain experiments to improve efficiency in the legal system, for e.g.
- Provide transparency around historical cases;
  - Maintain chain of documents during cases;
  - Digitize material currently in paper-format;
  - Notarize documents.

# POTENTIAL ACTIONS FOR PROVIDERS

## Law Firms

- Train all players on the use and implications of blockchain technology;
- Guide corporate clients as they run blockchain use-cases and implement;
- Work with regulators to establish legal and regulatory standards;
- Be a critical member of legal consortiums to develop common industry standards;
- Collaborate with other legal service providers to serve existing clients more effectively and efficiently

## Other Providers

- Assess the potential use cases to determine if there is a likelihood of your services being disintermediated



# POTENTIAL ACTIONS FOR OTHERS

## Regulators and Enforcers

- Work with industry leaders and law firms to establish rules and regulations

## Investors (VC and PE)

- Identify opportunities for investments

# **THE ADOPTION OF BLOCKCHAIN WILL REQUIRE SIGNIFICANT CHANGE MANAGEMENT**

# WHAT WE ALL KNOW FROM OUR DAILY WORK

Change is hard, especially  
with legal services.

- Skepticism: 90<sup>th</sup> percentile
- Autonomy: 89<sup>th</sup> percentile
- Abstract reasoning: 81<sup>st</sup> percentile

Bruce MacEwen, Growth is Dead: Now What?

# WHAT WE ALL KNOW FROM OUR DAILY WORK

- Big change is really hard. Is blockchain a big change?
- What's wrong with the status quo?
- What could go wrong?
- How badly will it hurt to do this?
- What's better on the other side of the pain?



# SPECIAL CHALLENGES WITH BLOCKCHAIN

- Association with cryptocurrency challenges.
- Only indirect benefits – you can't just buy and install blockchain.
- What does it do? How does it help?

# WHAT THE EXPERTS TELL US

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- Why transformation efforts fail: John Kotter, Leading Change.



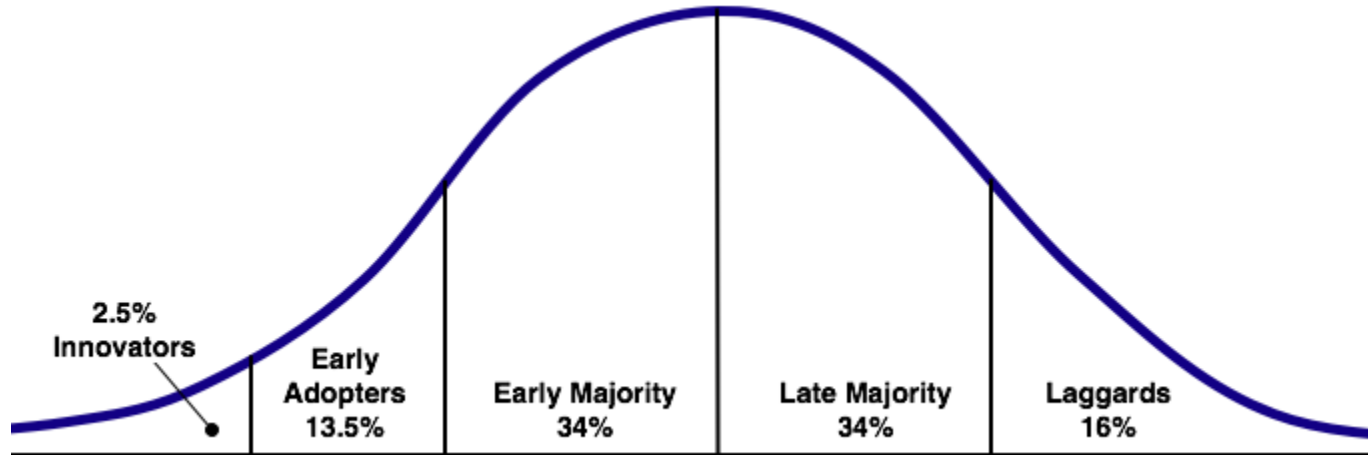
# WHAT THE EXPERTS TELL US (KOTTER)

## Eight Steps to Transforming Your Organization

- 1 Establishing a Sense of Urgency**
  - Examining market and competitive realities
  - Identifying and discussing crises, potential crises, or major opportunities
- 2 Forming a Powerful Guiding Coalition**
  - Assembling a group with enough power to lead the change effort
  - Encouraging the group to work together as a team
- 3 Creating a Vision**
  - Creating a vision to help direct the change effort
  - Developing strategies for achieving that vision
- 4 Communicating the Vision**
  - Using every vehicle possible to communicate the new vision and strategies
  - Teaching new behaviors by the example of the guiding coalition
- 5 Empowering Others to Act on the Vision**
  - Getting rid of obstacles to change
  - Changing systems or structures that seriously undermine the vision
  - Encouraging risk taking and nontraditional ideas, activities, and actions
- 6 Planning for and Creating Short-Term Wins**
  - Planning for visible performance improvements
  - Creating those improvements
  - Recognizing and rewarding employees involved in the improvements
- 7 Consolidating Improvements and Producing Still More Change**
  - Using increased credibility to change systems, structures, and policies that don't fit the vision
  - Hiring, promoting, and developing employees who can implement the vision
  - Reinvigorating the process with new projects, themes, and change agents
- 8 Institutionalizing New Approaches**
  - Articulating the connections between the new behaviors and corporate success
  - Developing the means to ensure leadership development and succession

# WHAT THE EXPERTS TELL US

- A common pattern: the diffusion of innovation.
- Everett M. Rogers, Diffusion of Innovations.



Source: Everett Rogers, *Diffusion of innovations model*



# A PATH FORWARD

- Go big.
- No, go small.
- No, do both. The danger of false binaries or false dilemmas.
- Get involved in a few organizations that seem like a good fit.
- Launch something small within your organization.
  - A POC.
  - A study group.
  - A workshop.
  - A lunch with your tech vendors.

# A DELICIOUS AMBIGUITY

- “Change leadership” – what does this mean?
- Does it mean we need a person or group to lead change?
- Or does it mean we need a change in leadership?
- Blockchain adoption is fundamentally a leadership problem, not a marketing problem, a technology problem, a cost problem.
- Everyone leads someone. Get involved and make a difference!

# CONCLUSIONS

Q&A