

IBM Study: C-Suite Executives Exploring Blockchain Aim to Disrupt, Not Defend

One Third of Surveyed CxOs Have Blockchain on their Mind

ARMONK, N.Y., May 18, 2017 /[PRNewswire](#)/ -- In the largest study to date among C-Suite executives seeking their perspective on [blockchain](#), one third of almost 3,000 executives surveyed are using or considering blockchain in their business. According to the new IBM (NYSE: [IBM](#)) study, eight in ten of those exploring blockchain are investing either in response to financial shifts in their industry or for the opportunity to develop entirely new business models.

The study, part of a series of [C-Suite studies](#), is based on findings from interviews with C-Suite executives across industries on how they intend to operate, generate revenue, and respond to customers, partners, and competitors alike using blockchain.

Conducted by IBM's [Institute for Business Value](#), the global report compares the organizations that are actively experimenting with, piloting or implementing blockchain - the Explorers - with those not currently considering blockchain.

Historically, the biggest business risk was a competitor with new and disruptive goods or services. Today, new and non-traditional competitors with completely different business models intend to topple the incumbents. That's why some surveyed CxOs are counting on blockchain technology to foster a new generation of transactional applications that are designed to establish trust, accountability, and transparency among an ecosystem of partners, to provide them with a competitive advantage.

"With blockchain, everyone is looking at the same thing at the same time. These new trusted transactions will spawn new business models, processes and platforms where all ecosystem participants can be connected to create new value," said Brigid McDermott, IBM Vice President for Blockchain Business Development. "Consortia, regulators, and innovators will help create new standards across industries and geographies. Early adopters need to move fast to help shape how these platforms evolve."

Creating new platform business models is not for the faint of heart as six in ten Explorer CIOs surveyed admit they aren't yet fully prepared to build blockchain platforms that connect customers and partners across an ecosystem.

Yet, at the same time, some key findings from the study show:

-- Of almost 3,000 cross-industry C-suite executives surveyed, 33 percent

- are already actively engaged or are considering using blockchain
- 100 percent of Explorers expect blockchain to support their enterprise strategy in some way; 63 percent aim to use it to increase transactional transparency
- 78 percent of Explorers are investing in blockchain either to respond to financial shifts or to develop new business models
- Of those whose business models are under threat, over half of the Explorers expect to launch an entirely new business model either within their own industry or in that of someone else's
- 71 percent of those actively using blockchain believe industry consortia are important to advance blockchain efforts
- 78 percent of those actively using blockchain believe customers are important to advance blockchain efforts

CxOs Relying on Blockchain for Business Model Innovation

The biggest strategic advantage of blockchain is enabling business model innovation, which, as one retail CMO from the United Kingdom said, "could replace the centralized business model that most companies follow today." Every Explorer surveyed expects to use blockchain to support a new enterprise strategy. And as blockchain increases trust and transparency across value chains, organizations and individuals will collaborate and compete in ways that can't yet be foreseen. For example, as evident in the IBV's prior ["Healthcare rallies for blockchains: Keeping patients at the center"](#) study, healthcare is setting a fast pace for blockchain adoption in 2017. If every vital sign or piece of wearable health data could be stored on the blockchain, the quality and coordination of care would be expected to rise and costs to fall, causing a potential shift to a patient-centric healthcare and personalized patient services.

Opening the Door to Collaboration

Since blockchain creates new ways of working, they are also springboards capable of launching organizations in new directions. Though eight in ten Explorers admit they aren't accustomed to collaborating, even selectively, with their competitors, sixty-six percent are experimenting with or implementing a new platform-based business model. By linking people, resources, and organizations in an interactive ecosystem, businesses can create entirely new forms of value. For example, organizations could support micro-payments and skip the fees imposed by intermediaries or put different types of media into the direct control of their creators, which could solve the challenges associated with global licensing and royalty payments.

IBM is working with Everledger on a new service built on a blockchain, which has adopted an ecosystem approach. Everledger can trace an individual diamond across the supply chain, from rough stones certified conflict-free to the same diamond as it's cut, polished and sold. Partners on Everledger's blockchain include

insurers, financial institutions and diamond certification houses. Through Everledger's application programming interfaces (APIs), each partner can access and supply data that helps track a diamond over its lifetime. Police reports, insurance policy information and other sensitive information can be kept private and permissioned.

The business model that CEO and founder of Everledger Leanne Kemp envisions would allow all participants to reduce risk, in addition to establishing new revenue models and financial services. Banks could better finance the diamond supply chain; insurers could choose to cover the lifetime of a diamond, rather than its current owner. "We are not a disruptor," says Kemp. "We are co-evolving the industry." Everledger, she points out, demonstrates the "power of what happens when consortia come together." To date, more than a million diamonds are being traced on Everledger, with a beta project for provenance tracking in the fine wine industry launched in November 2016.

Today's news is supported by the expansion of the IBM blockchain ecosystem, with new services to help industry leaders quickly develop and deploy blockchain solutions for their business.

To read the full study visit: ibm.biz/csuiteblockchain

About IBM

IBM is the leader in open-source blockchain solutions built for the enterprise. As an early member of Hyperledger, an open source collaborative effort created to advance cross-industry blockchain technologies, IBM is dedicated to supporting the development of openly-governed blockchains. IBM has worked with more than 400 clients across financial services, supply chains, IoT, risk management, digital rights management and healthcare to implement blockchain applications. For more information about IBM Blockchain, visit www.ibm.com/blockchain.

About IBM's Institute for Business Value

For more information about the IBM Institute for Business Value visit www.ibm.com/iibv

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