Blog Post

The blockchain in 2017: top ten predictions

The blockchain today is at the stage the web was 20 years ago this year; nascent, full of incredible, unrealised promise that went far beyond mere websites and hard to keep track of with every new development. What's next?

Executive summary

Speculating about the next 3-6 months in technology seems like a fool's errand, let alone the next 12 months. But peering into a crystal ball about the blockchain is not only possible, it's a commercial imperative for those who don't want to be left behind.

Client:

The Ruby Agency

Content type:

Press release

Brief:

The client wanted a thought leadership piece for the company blog and possible pickup in the media to position itself as an authority.

Deliverable:

To repurpose material and notes from the CEO and turn it into a short form and digestible read.

Ideas, applications and use cases seem to emerge in the blockchain field every day (some of which shouldn't have gone beyond the drawing board), but here at Veredictum.io it's at the very core of what we do to put an end to the problems surrounding piracy in the film and video industries.

It gives us the power to leverage ideas from outside our own vertical market to make enhanced solutions for customers now and into the future, and a large part of doing so is understanding the ever-shifting sands in that will affect the strengths and weaknesses of the technology and the drivers that will affect take-up.

If we don't put blockchain's potential to the best use it will remain just that – potential.

For various reasons, the blockchain remains synonymous with the elder statesman of the system, Bitcoin. Bitcoin remains the benchmark against which any new blockchain technology will be judged and one day the history books will regard it with the same reverence as the printing press, steam engine and internet. If the identity of Bitcoin creator Satoshi Nakamoto is ever revealed, we frankly think the Nobel Committee should take note.

To help position you at the forefront of this powerful new technology, here are Veredictum's top ten predictions to watch for in the 2017 blockchain scene.

1. Provenance applications will lead the charge

Proof of title and traceability of ownership in fields from property to artworks and supply chain data are going to be the computer security science of the next decade.

Unlike financial services, provenance won't have the same inherently conservative constraints, and the blockchain will remove the need for such broad requirements from external regulators, internal audits and imposed compliance.

2. A true birthplace in the developing world

The developing world will be home to the blockchain's first real killer app. With far deeper pain points around data security than we have in the developed world, there's a great need for a robust and efficient system.

Sure, the blockchain might save banks $20bn in infrastructure costs, but the movement will truly be kick started by the third world farmer establishing his or her identity in lieu of the basic facilities we take for granted to buy, own and work land.

3. The first financial services pilots

After we've already seen the three p's of service rollout in 2016, mainstream banking and financial services will introduce blockchain-based pilot schemes. Heard of the three p's?;

* Proof of concept – to establish the potential.
* Prototypes – to test proofs of concept.
* Puffing up of chests – promoting the organisation as a blockchain player to the outside world.

The industry will start small but they'll introduce commercial programs in areas where their clients are feeling the greatest pain points – global transactions and international trade. Commercial clients speak the language of risk and they love the potential benefits of new technology that can help them minimise it.

4. Consumer finance blockchain technology will come from small start-ups

Start-ups, as always, are nimble enough to roll with the punches and more likely to take advantage of the regulatory sandbox regimes we're seeing more of on a global basis, which will let them test new consumer products. What's more, established banks will be keen to partner with them – it's too early for many of them to risk what they see as an unproven technology on their own branding or reputation alone.

5. The (re)ascent of Bitcoin

Don't write Bitcoin off yet. It's currently worth US$700 and will rise beyond US$1,000 again. Here's why;

* It's becoming increasingly seen as the global digital currency standard and a safe port of call for investors in the face of economic troubles connected to traditional markets. Bitcoins rose in value by 15 percent after the announcement of Brexit and 4.5 percent after Trump's election victory. Increased uncertainty will drive more investment to safe havens like it.

* It's taking on more of a role as the reserve currency in blockchain-connected industries. Converting fiat currency into many cryptocurrencies usually means an intermediate step going through Bitcoins.

* The number of Bitcoins available to be mined was halved in July 2016, which will create a market of scarcity as it takes hold and drives the price up further.

6. Venture capital will connect the dots

A lot of investment coming into the blockchain space will be about integrating it with other rising technologies like the Internet of Things (IoT) and artificial intelligence.

IBM is said to have committed US$200m to blending IoT, blockchain and their AI system Watson, and the Chinese city of WangXiang is earmarking the equivalent of US$30bn over seven years to combine IoT and blockchain into Smart Cities programs. Venture capital funds will follow the money to help start-ups fill the gaps.

7. The year of the identity use case

Identity is the lynchpin of any form of ecommerce, and solutions that are permanent and immutable are the nirvana everyone's trying to reach. 2017 will see the rise of blockchain based identity applications in developing or war-torn countries that don't have intact or advanced identity infrastructures.

8. The (re)ascent of Ethereum

Despite the damage to its brand because of the mid-2016 attack on the distributed autonomous organization (DAO), cryptocurrency operator Ethereum will take over from Bitcoin as the operational epicentre of the public blockchain space.

Ethereum's flexibility and wider capabilities have already been largely accepted in the development community, and a lot of interesting and diverse applications have resulted.

Ethereum's leaders outlined their road map at September's DEVCON2 conference in Shanghai, and it includes a range of products and ideas – from a complete revitalisation of the domain name system to the ability to store files on a decentralised web.

9. Cometh the regulators

Global-level regulators will become more active – and aggressive – in the blockchain space, part of a rising movement towards agreement on definitions and standards on a global scale.

Today there are just too many jurisdictions with too many varying definitions surrounding blockchain technology, and regulators need to define and agree on exact legal standing and nature – particularly in cryptocurrencies. Without robust regulation, financial crime like money laundering will grow exponentially.

Regulatory pressure and growth will come primarily from the anti-terrorism lobby, especially in the wake of a new US Presidential appointment, but we're actually in a great place to lead the charge here at home. Standards Australia is spearheading the creation of a technical committee convened specifically to develop and establish unified standards for blockchain technology.

10. The Bitcoin creator, unmasked

We'll learn the identity of Bitcoin creator Satoshi Nakamoto, and it will not be the Australian Craig Wright. ∎