Blockchain Via 'Collaboration'

Of all the advantages of Blockchain, interoperability is definitely at the top - interoperability between Blockchains of same kind, interoperability between Blockchains of different kinds and most importantly, interoperability between Blockchains and legacy systems

Everyone is experimenting with Blockchain today, but Blockchain in a silo is not a 'Blockchain' at all. The power of Blockchain lies in inclusion. More the number of assets in a Blockchain, stronger it becomes. The fact is that Blockchain is here and it's here to stay. We need to collaborate to capitalize on the potential advantages of Blockchain fully.

Of all the advantages of Blockchain, interoperability is definitely at the top - interoperability between Blockchains of same kind, interoperability between Blockchains of different kinds and most importantly, interoperability between Blockchains and legacy systems.

We need to explore the potential of Blockchain as a platform enabling interoperability to exploit its full potential. Blockchain without interoperability is like emails from Hotmail and Gmail not talking to each other. Wouldn't it be a very limited use of the potential of emails?

Challenges

One common complaint that we hear as a challenge of Blockchain technology, whenever we discuss use cases for POCs, is that of interoperability. Many use cases do not move forward because of challenges with interoperability. Strange, isn't it? When interoperability is supposed to be one of its key advantages? Though the challenge in hand seems to be a technical challenge, it's actually a business one.

Technical challenges can be overcome. There are enough and more smart technical minds to address those challenges. As always, business needs to demand and drive, and technology will follow and enable.

What is needed for interoperability is meeting of minds from across the industries and setting guidelines and standards. Here comes the need for consortiums across industries. While we are seeing various consortiums, which are within an industry, like R3 or Ripple for Banking, it's not enough. This will definitely enable Blockchain usage in certain areas like Payments, but it will not exploit the full potential of Blockchain. It takes a lot to bring 100+ banks into one platform.

However we also need cross-industry and cross-geo consortiums to help guide cross-industry and cross-geo Blockchains.

Interoperability Matters

The Decentralized Identity Foundation (DIF) is one such example. This consortium was formed in May 2017 in order to promote interoperability and standards for Blockchain based identity systems.

Hyperledger, IBM, Microsoft and Accenture have all signed up for DIF, besides many others. All of these big players have been part of other consortiums or having their own in order to enable interoperability and standards for Blockchain. But the fact that these competitors are coming together to collaborate is a huge step forward for the success of Blockchain as a business platform.

They are joining hands to design, develop and nurture the technology as a community, because they see value in interoperability and hence value in
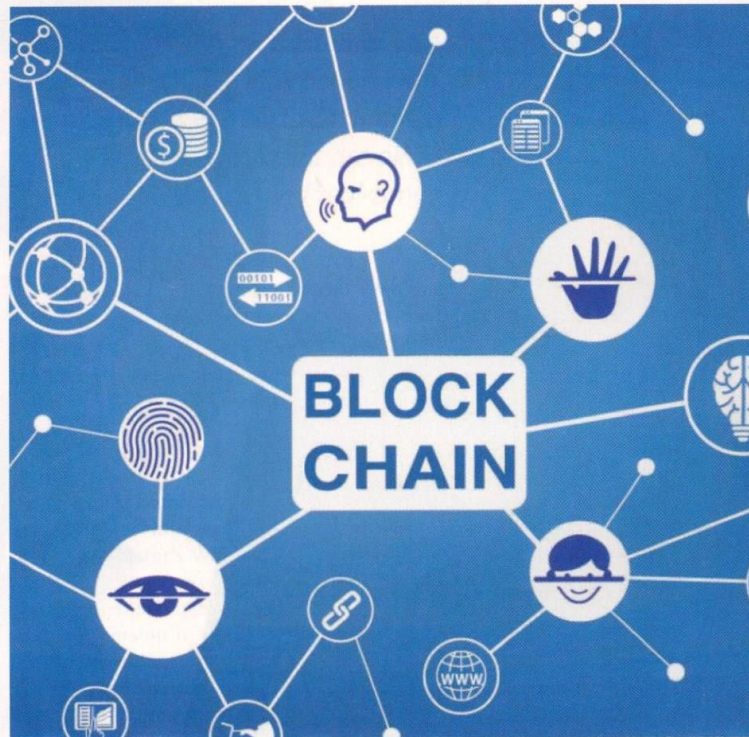
collaborating to enable that. They are all trying to move away from disconnected legacy systems that cause silos and thus inefficiency. They are collaborating with the goal to make the business processes more efficient without taking away their competitive edge.

While we do need the regulators to step in to set standards across industries as opposed to the current siloed regulatory scenario, to fast-track the evolution and adoption of Blockchain, it will be too much to expect that regulators will step in and drive the same.

The regulators will step in once the business demands it enough. Technology

Technology evolution or business process reengineering need not wait for regulators to come together and set standards

evolution or business process reengineering need not wait for regulators to come together and set standards.

Traditionally, we have seen consortiums driving these changes and the regulations follow. For example, in 1973, 239 banks from 15 countries came together to solve a common problem of how to enable cross-border payments and SWIFT protocol was born. The regulators stepped in thereafter to develop standards. Blockchain will not be any exception to this!

I am very hopeful that in the next 12 to 15 months, we will see the standards evolving as a result of these consortiums and many of these consortiums joining hands together and interoperability will evolve as a result. 🍀

Mohua Sengupta
(The author is EVP & Global Head of Services, 3i Infotech Ltd)