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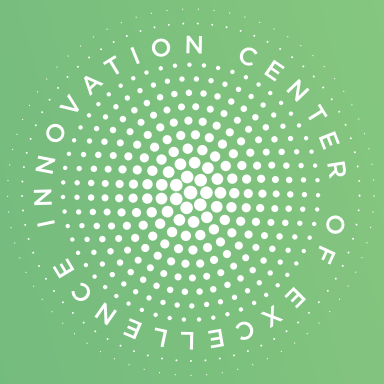
2019 BLOCKCHAIN TRENDS TO WATCH



1 TRANSPARENCY AND AUDITING TOOLS

By design, blockchains are inherently resistant to modification of any stored data. Functionally, a blockchain can serve as an open, distributed ledger that can efficiently record transactions between two parties; in a verifiable & permanent manner. (Often referred to as an immutable ledger.) The result is an increase in efficiency within the auditing process & the transparent nature of blockchain eliminates the need for middlemen as well. Furthermore, transparency is the first step toward fraud mitigation. In order to react to fraud, we must first be able to indisputably identify it.

2 DATA DEMOCRATIZATION

Recent M&A activity suggests that data has become the most valued currency within ad-tech. As the market recognizes this value, an increasingly smaller number of entities are owning greater shares of user data. There is now a robust industry supporting data usage; providing a reliable revenue stream for vendors and a more sophisticated buying approach for brands. Yet the user/consumer is cut out completely from this value exchange, despite the fact that their own data is being leveraged. Blockchain entities have recognized this dichotomy and are looking to disrupt this model by democratizing data and giving value back to the users for which these insights derive from. As we move to a post-GDPR world, users are now given options around how they'd like to disclose or suppress their data. Not only does this model drive greater engagement, due to the value exchange, but it also produces a pre-validated real audience that buyers can safely and confidently reach. Blockchain's encryption and value-disbursement abilities provide the necessary conditions to support this new model.

3 ECOSYSTEM RESELLER MARKET DEVELOPMENT

Nasdaq is investing heavily in the NYIAX blockchain platform, including recently developing patents for time-sensitive information. This endeavor seeks to create a guaranteed advertising contract exchange. Because advertising blockchains have the opportunity to expose inventory with transaction history, they can also serve as this type of futures market for trading. Participation in a secondary market will be important for publishers who may use it for additional revenues and for advertisers looking for pricing deals. However, there is also an opportunity for completely new agents in the advertising ecosystem: brokers who simply want to capitalize on market fluctuations without any connection to ad delivery. A reseller market can only thrive if participants trust the supply chain, so improvements in smart-contracts, transparency, pricing control & fraud are needed to propel this market.

4 MICROPAYMENTS FOR CONTENT MONETIZATION

Similar to how the internet broadened communications capacity, blockchain will expand transaction capabilities. Industries can now establish new payment architectures, giving them the ability to associate value to assets that previously could not be commoditized. A good example of this in action can be better understood in the context of online publishers. Many legacy publishers have looked to drive online revenues through subscription pay-walls. This leaves the consumer with the decision of either paying a subscription fee for full access vs. eschewing the content all together. The ability to structure payments specifically to content allows for businesses to diversify revenue streams, and allows users to consume content on their own terms and consumption practices.

5 ATTENTION ECONOMY MONETIZATION

Advertisers and media publishers have long known that consumers' attention is a valuable commodity & a multi-billion dollar industry trades around it every day. Until recently, publishers & advertisers were the only parties able to profit from users' attention. Advertisements were inevitable & consumers received either nothing or in-kind compensation like free content for their time. With blockchain enabled Attention Economy Monetization, consumers have a chance to receive financial compensation for their attention. For example, an early concept has been an ad-blocking browser, that reward users with, not only, less cluttered environments and faster load times but with attention-based cryptocurrency as well.

6 PRODUCT EXTENSIONS & AUTHENTICATION

One of the first blockchain use-cases that gained adoption is supply chain management. Manufacturers, distributors, & retailers can leverage a shared, immutable ledger to track product elements from provenance to their final destination — also called product lifecycle management. RFID technology can feed data to the blockchain to subsequently be validated by the appropriate stakeholders. Recently, vendors are taking this concept one step further, to integrate new value into the consumer experience. This opens up opportunities for markets to grow around this capacity. Authentication for reseller markets, data capture, & value bartering are areas for which we anticipate this trend will expand deeper into during 2019.

7 SMART CONTRACTS

Blockchain technology enables self-executing contracts between anonymous parties, also known as Smart Contracts. Formed on the basis of business rules, once terms are met, the Smart Contract functionality can release goods, services, and payments to parties involved. Since the ledger is public and automated, the contract's outcomes cannot be disputed which reduces friction between partners & associated costs. Smart Contracts can provide new benefits to digital and programmatic buying through enforcement of guarantees, reduction of fraud, automated discount pricing and more.

8 STREAMLINED RECONCILIATION

Blockchain technology provides for a more streamlined turn-around of the reconciliation process; much faster than most reconciliation business processes. This is often a complex, costly & time-consuming enterprise - especially for global companies. But counting impressions, clicks, & other currency metrics of digital advertising is really just counting the transactions between entities. A shared inter-company ledger eliminates the need for daily data dumps, & the read-only nature of blockchain increases trust between participants. The addition of smart-contracts then allows for standardization & with it, automation. This blockchain-enabled combination has the potential to completely eliminate the need for manual reconciliation of untrusted information to remit payments.

9 PRIVACY, SECURITY, & DATA INTEGRITY

Blockchain solutions have the ability to provide more stringent encryption than current offerings, while also providing the ability to expose information to specified trusted parties. However, this means that data is pseudonymous — thus privacy can be penetrated if encryption keys are obtained. As such, legal support will be key as these waters are waded through. This has led to further development around private (or permissioned) blockchains, which will offer greater security, but less interoperability.

10 TRANSACTION SPEED ACCELERATION

When solution providers talk blockchain limitations, transactions per second (TPS) tends to come up a lot. TPS limits dictate how many entries can be recorded on the blockchain. The original blockchain, Bitcoin, only managed a TPS of around 7. Compare that to credit card providers (around 24,000 TPS) and it quickly becomes apparent why decentralized blockchains lack scale. Some blockchain solution providers are addressing scale by centralizing their blockchains, exponentially increasing TPS in the process. Ripple is an example of this. Their tech is specifically designed to maximize transaction speed, pushing 1,500 TPS in a centralized environment. Many enterprise solutions are taking a similar centralized approach to provide faster speeds, in a more controlled environment.

Credit to DAN Blockchain Council.
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