



## Blockchain: What's in it for you?

by Daniel Regenbrecht

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The past few decades have been characterized by an unprecedented amount of emerging technologies that have had a tremendous impact on small and medium-sized companies. It has become increasingly crucial for business owners and C-suites to keep up with the latest trends and evaluate the possibility to gain a competitive edge through the implementation of the newest technologies.

Blockchain technology gained enormous market attention in the past years, not only by individuals investing in cryptocurrencies but also by international organizations exploring the potential of a decentral ledger technology deployed to eliminate friction. The World Economic Forum predicts that the blockchain technology will store transactions worth 10 percent of the global gross domestic product by 2027, disrupting the way transactions will be processed in the near future.

Every new technology implementation impacting old processes or disrupting existing business models paves the way for early adopters and innovators to exploit their competitive edge. In contrast, it might leave behind a trail of what-ifs for the most skeptical, finding themselves struggling to keep up with technological advancements. Existing solutions and applications based on blockchain technology already provide an outlook how value is generated in a new, digitalized form. The digitalization of trade (documents), self-sovereign identity management with granular privacy, distributed applications (dApps) introducing new access mechanisms to services or product assembly verified by their proof-of-origin of components supported by smart contracts, are examples of use cases which are already applied in the market.

Do you want to gain early experiences with a technology, still being in an explorative and immature state or do you want to jump on an existing, proven solution which might not cover all your needs and governance requirements?

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### Getting Started

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As with any new technology, you have to be able to assess whether an implementation bears advantages for your company or business model or if it's simply not applicable for you, at least yet.

The advent of novel technologies brings forth uncertainty, and as with any new and exciting technology, business owners and C-suites should embrace innovation with some amount of caution. Failing to do so, discarding a potential implementation a priori or investing heavily into it without expert advice might result not only in severe losses but also lead to lagging in the ever-evolving marketplace. Great opportunities might be missed out to enhance future growth. Therefore, the question is if it would be helpful for you to have an efficient, risk-weighted and staggered approach evaluating the potential of blockchain technology while being applied to your business model? Would a plan, that validates and applies relevant value drivers at the right moment in time as part of a transformation project, help you to start investigating the potential of the blockchain technology?

Among the blockchain's core attributes, the following are worth mentioning, as they play a central role in identifying and delineating the correct business case to make the most of this technology:

- **Distributed Ledger Technology:** mitigates the dependency of a single point of failure and attack while avoiding friction;
- **Immutability:** transactions cannot be tampered as they have been verified and approved using consensus algorithm by respective network participants (nodes);
- **Identity & Traceability:** blockchain provides origin, traceability, and transparency of every transaction;
- **Access Management:** depending on the requirements, access might be restricted to identified users (permissioned networks);
- **Real-time:** when data is updated, everyone in the network has direct access to the same information.

A compelling case for a blockchain project can already be made on these grounds, even though the underlying technology is still in its early stages. At the moment, it's namely challenging to gauge just how far-reaching and expedite its adoption and influence will be. The timing couldn't be more appropriate to start exploring the possibilities that this technology enables.

Aligning the content of academic research with the experiences gathered in a field-tested approach helped our clients to dissect the intricacies of this new technology. Gathering hands-on experiences with this new technology is the first step to enhance your existing business model. Our ambition is to exploit potential future business applications and models based on blockchain technology.

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### TALOS Approach

Leveraging our knowledge and experience we have developed and tested a blockchain implementation approach to help our clients discover this technology. While developing our model, we wanted to address the following existing gaps:

- The non-existence of a structured and validated approach on how to analyze and implement a use-case;
- The difficulties encountered while conducting blockchain implementation projects, that companies most often need to overcome with no guidance.

Laying the groundwork for a blockchain implementation requires an in-depth analysis of the existing business model and the pursued mid-term growth strategy. Careful analysis during the initial consultation helps to save time and resources while enabling a thought through definition of the steps required to achieve a successful and scalable blockchain implementation. Our field-tested approach evaluates value drivers for and of a blockchain implementation project based on the four pillars:

- **Legal**
- **Governance**
- **Technology**
- **Finance**

Limited resources and time constraints are the two buzzwords consistently brought together with the words project and implementation. Efficiency and effectiveness at every stage should, therefore, be on top of the executive agenda of most companies. To ensure timely delivery and accompany our clients through their blockchain journey, we developed the following five-phased end to end approach. Each phase is supported by tools and templates to efficiently identify gaps as well as to define mitigation measures to successfully implement the client's blockchain use case:

Implementation Phases	Model	Method
Strategic Consulting		<b>Qualification criteria questionnaire</b> Does the existing business model qualify for the blockchain technology?
Use Case Analysis		<b>Value driver questionnaire</b> Which measures have already been considered for each value driver?
Proof of Concept		<b>Gap analysis</b> Which gaps need to be closed for relevant value drivers per implementation phase?
Pilot Project		<b>IT Transformation Plan</b> Which activities need to be managed for the project categories business design, IT design, build, test & calibrate and operationalize?
Live Production		<b>Business as Usual Transformation Program</b> Which project activities need to be considered to enable a smooth transition into the post go-live phase?
		<b>Blockchain Implementation Project</b>

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### Strategic Consulting

Looking for the best way to escort our partners through their blockchain journey, we start every project with the question:

#### **Does the existing business model qualify for blockchain technology?**

This question is addressed by our targeted and structured qualification questionnaire. We assist our clients in analyzing if their existing business model qualifies for the blockchain technology based on key blockchain characteristics. The answers provide guidance to identify the most suitable blockchain architecture.

### Use Case Analysis

Linking the results of the first questionnaire with our findings, we dive deeper into the analysis of the value drivers of a relevant blockchain use case based on the four pillars described above. A comprehensive range of value drivers per pillar analyses the projected blockchain use case.

### Proof of Concept

Gathering practical experiences and getting hands-on with a new technology requires a carefully crafted proof of concept. An extensive understanding of our partner's business model and strategy, clear communication, and management of all involved stakeholders are essential to ensure a successful implementation project. Together with our client and a blockchain implementation partner, we define a minimum viable product (MVP) to gather first hands-on experience of the application of the blockchain use case.

### Pilot Project

Leaning on the previous analysis and building on the proof of concept, a blockchain implementation is pursued in a pilot project. TALOS helps its partners navigate through the pilot pointing out common pitfalls by actively managing and coordinating the process with particular attention to scalability, system stability, and costs.

### Live Production

Lastly, we support our partners to bridge the gap between a successful pilot and live production. Losing sight of details at this stage might prove a costly mistake. Around blockchain technology a significant number of legal and governance aspects have to be considered at every stage and especially before rolling out the blockchain implementation at a large scale.

## Your Benefit

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Opting in now or are there other, more urgent priorities? In the current maturity state of the blockchain technology, it is essential for companies and their related business model qualifying for blockchain implementation to gather experiences with the technology itself while minimizing the risk and cost of failure.

#### **At TALOS we value efficiency just like you do.**

The outlined approach combined with our people's profound experiences not only with the blockchain technology itself but also with IT transformation projects, project management and regulatory projects (e.g., GDPR) will help you validate your blockchain use case based on our field-tested approach. With our tailored hands-on approach, we help our clients achieve their project goals based on the identified potential introducing blockchain technology.

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### Who we are

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TALOS is continuously striving to shape new standards in management consulting. As a specialized consulting boutique of Swiss origin, we are serving the European financial services industry from our local offices in Zurich and Luxembourg.

Founded by experienced management consultants in 2008, we have grown since then to a renowned consulting company with a complementary service offering across various disciplines.

With our tailored, hands-on approach, we accompany our clients in mastering the fundamental challenges the industry is facing.

We are a trusted partner for our clients helping them to increase their organizational effectiveness and operational efficiency.

We strive to be recognized as one of the leading management consulting boutiques for the European financial services industry.

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### Your Contact

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Daniel is Senior Manager at TALOS and has joined the company in 2010. He has been working as a management consultant for more than ten years across different industries focusing on Supply-, IT-, Project- and Business Management projects. Before joining TALOS, Daniel has been working for Ernst&Young Switzerland within the Business Risk Service Department.

Daniel recently finished an additional, extra-occupational master's degree in Supply Chain & Operations Management, evaluating the "value drivers of a blockchain implementation project" in his master's thesis. Fascinated by the potential of the blockchain technology since late 2017, Daniel was searching for answers to the question how to conduct a blockchain implementation project. The inexistence of a risk-weighted, comprehensive and easily applicable approach led to the topic of his master's thesis. He tested the outcome of his exhaustive literature research in a field-proven approach with four logistic provider companies in Switzerland and Austria. Valuable insights on how to support companies exploring the opportunities and potential of the blockchain technology led to the outlined approach.



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