Blockchain: "not solution to 90 percent of problems", warns expert
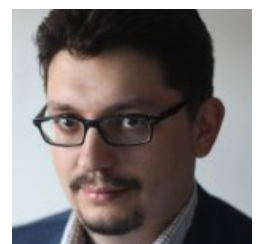
By **Chris Middleton** - March 16, 2018

Blockchain specialist Denis Baranov, principal consultant at consultancy group DataArt, has warned the UK's Institute of Directors of the dangers of jumping on the blockchain bandwagon.

"In about 90 per cent of cases, blockchain is not the solution for an individual company or organisation, and there is a better answer," he said.

While the distributed ledger technology could have a transformative effect on some processes, it would be dangerous to follow the hype and jump onboard for the wrong reasons, he added.

IoD meets the IoT

Baranov was a panellist at an IoD event in London this week, *Volatile cryptocurrency and game-changing blockchain: What does the future*

hold?, moderated by broadcaster and technology journalist David McClelland.

The discussion presented an uncertain outlook for cryptocurrency in its current form, but sent a strong message that blockchain is "coming of age" for a range of business applications.

Despite that, Baranov – an early blockchain innovator and consultant to industry – warned against falling for AI-style hype and making big strategic errors as a result.

"We already have big data and many solutions," Baranov said. "Just as with AI, where lots of people said, 'Our company should get some AI because everyone is getting AI', when it often isn't the appropriate solution, some are now saying 'Blockchain, I must get some blockchain' because everyone has it.

In about 90 per cent of cases blockchain is not the solution for an individual company or organisation, and there is a better answer.

"However, for 10 percent, blockchain makes perfect sense and is a powerful addition, creating transparency, accountability and huge competitive advantage. The key is knowing what this technology is, does, and can do."

Blockchain doesn't play well

Baranov explained that, as a distributed technology, blockchain does not work well in isolation, adding that, "blockchain is a community."

On data aggregation as a barrier against the use of blockchain technology, Baranov said that, in many cases, a hybrid technology that incorporates blockchain is the best solution, bypassing the issues created by the attachment of heavy data loads.

Read Internet of Business' own, equally cautious, report on blockchain applications here: **IoT 101: How blockchain will transform manufacturing and supply chains**.

Baranov emphasised the importance of starting the decision-making process with an examination of the business case, rather than bringing in the technology for the sake of it – as many organisations have done with AI.

• Also on the panel was cryptocurrency consultant Matthew Baldock of Portsmouth Crypto. He explained that cryptocurrency is only anonymous in theory, as blockchain makes it both traceable and accountable. He added that the Bitcoin Lightning Network– which has gone live

this week after beta testing – is highly controversial in the crypto community and "generally disliked".

• Jonathan Beddoes, co-founder of Giftcoin, a blockchain start-up that aims to enhance transparency and trust in charities, presented the ICO (Initial Coin Offering) that his company will be making soon.

Internet of Business says

We have published a number of in-depth reports recently on both blockchain and cryptocurrencies. The strong theme in all of these is to compare the hype – and, in some cases, the lack of common sense among blockchain/crypto evangelists – with the technologies' real-world impacts, such as processing power, energy, and basic physics.

But at the same time, we are clear about the technologies' potential value, their advantages, and their future at the core of the Internet of Things – and share some inspiring examples.

As is the case with AI, blockchain and crypto present unique challenges, which set them apart from other waves of technology innovation, such as cloud services or mobility. Just as AI challenges traditional notions of accountability and responsibility, so blockchain and crypto shine a light on longstanding concepts such as value and trust.

In some cases, they propose a better alternative to systems that have become corrupt and abused over decades – even centuries. But at the same time, they need to be anchored in the real world of physics, value, time, and good sense.

As ever with new technology: put strategic business need first, and technology second.

Original article — https://internetofbusiness.com/blockchain-not-solution-to-90-percent-of-problems-warns-expert/