

Bitcoin is the gateway drug

By  Danette Breitenbach

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Bitcoin is just the opening act of blockchain disruption. "It's the gateway drug to the Ethereum blockchain," said Andrew Keys, head of global business development at ConsenSys and co-founder of ConsenSys Capital.



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"Just as the internet simplified and expanded human communities, Ethereum blockchain simplifies and expands human agreements. It does more transactions than any other blockchains," he said at [Blockchain Africa 2018](#) conference.

Keys described blockchain technology as amazing. "Bitcoin sends the token without the bank in the middle. If you make a copy of an email and send it to someone it is not a problem, but you cannot do that with money. If you did you would have more inflation faster than you have in Zimbabwe."

John McClean VP Global Blockchain Labs Engagement, Industry Platform at IBM, agrees with Keys. In his talk: *Blockchain will fundamentally disrupt the way we do business*, he urged delegates to take a step back and look at the world in which we operate. "It is a world of business networks that transfer goods and assets. Wealth is generated by the flow of goods across business networks in transactions and contracts. Public and private markets are central to this."

In this world there are physical assets, for example a car or land. There are intangible assets - finances, bonds and mortgages, as well as intellectual assets, such as license agreements and wills. The last category also includes things like

an iTunes account.

“When you buy and sell a house you have to use lawyers. We are seeing a debate around this today. We are seeing the same debate with the settling of an estate. It can take nine months to settle an estate and that is as simple as it gets,” he said.

In today’s world of digitisation this is unacceptable.

Three key components

Blockchain can change this, says Keys. There are three key components to this becoming a reality in the future:

- **Self-sovereign identity**

In the future he believes that every machine and business will have their own identity. “Your browser will literally be your browser. It will be your identity and your wallet, housing attributes about yourself and your credentials.”

- **Digital tokens**

A natively digital format of things such as gold, bonds, stocks, concert tickets, livestock will allow us to move them as easily as you send emails, from a parcel of land to a token. Information will be moved without an agent. “This technology will unlock the most assets and liquidity that we will ever see in our lifetime,” he added.

- **Smart contracts**

The creation of business processes to move these digital assets. Instead of a document drawn up by a lawyer, you will have natively digital agreements, and if a breach occurs, you can stop the flow of the assets, making this easier to control. He uses the example of a car loan. “If you miss a payment, then the contract will shut off the car and it won’t work. This will be built into many different things and it will change the way the world works. It can apply to an IPO, which is currently a huge undertaking, but with this, it will only run into 50 lines.”

He took this even further using Uber as an example. “It can even touch the Uber experience through peer-to-peer smart contracts between drivers and customers which will push out the intermediary and that cost. This extracts value for both parties.”

Keys compared what happened on the web to what will happen to blockchain. “With the web it is the application layer where the value has been captured, for example Facebook. In the future that app layer will shrink dramatically as we commoditise trust.”

ABOUT DANETTE BREITENBACH

Danette Breitenbach is a marketing & media editor at Bizcommunity.com. Previously she freelanced in the marketing and media sector, including for Bizcommunity. She was editor and publisher of AdVantage, the publication that served the marketing, media and advertising industry in southern Africa. She has worked extensively in print media, mainly B2B. She has a Masters in Financial Journalism from Wits.

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