

Bitcoin: The Future Currency Businesses Cannot Ignore

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Bitcoin and blockchain technology can usher in a new way for businesses to carry out transactions; there will be challenges but the reward may justify the effort

Bitcoin is a very niche area of tech, and not everyone is engaged with it. Despite this, it never stops creating buzz and appears in the headlines frequently; whether the news is positive or negative.

You can define Bitcoin in many ways, but the easiest way to look at it is as a digital asset and payment system.

It was developed in 2008 by Satoshi Nakamoto, the name given to the unknown inventor of the software.

The main attraction of the system is that it uses a peer-to-peer format, whereby individuals make financial transactions directly without the need for a third-party. The latter are confirmed by network nodes and placed in the so-called blockchain, a sophisticated digital public ledger system.

Bitcoins, which are the monetary element of the digital currency, are given to individuals after completing work or providing a product of some kind. They can also be rewarded for an activity called Bitcoin mining, where people add past transactions to the blockchain.

While there's a lot of scepticism around the currency, many people see the benefits, especially for businesses. For example, you have the freedom to send money to anywhere in the world, and there are either low fees for Bitcoin payments or none at all.



A Bitcoin revolution

One of the biggest attractions of Bitcoin is the fact that all completed payments are transparent and available for everyone to see.

Chris Fatcher, the founder and MD of technology consultancy Cavendish Wood, believes Bitcoin will revolutionise all areas of business and will a reduction in financial risk.

“Blockchain really is set to revolutionise the way business is done across every industry. It’s the reduction of risk – and the subsequent increase in trust – offered by immutable records of documents and transactions that will overhaul how businesses interact with each other and the confidence they can have in their own data,” he says.

“For small businesses, there’s a real opportunity and they’ll absolutely need to be on board with blockchain within the next five years if they plan to engage with larger organisations. The challenge for these companies is that they’re unlikely to have their own engineers building platforms and systems to support blockchain.

“For us, the real focus for ensuring blockchain realises its full potential for businesses of all sizes is the creation of an off-the-shelf ledger as-a-service offering that small companies can take and implement without creating their own systems.”

Fatcher notes, however, that the currency is still young and can be unpredictable: “Bitcoin is still in relative infancy and hence comes with some warnings which are manifested in the substantial uncertainty in the Bitcoin trading market.”

“For example, there is currently little to no regulation in place in the UK outside of the new tax laws and customers can expect little to no support or recourse if they are exposed to fraudulent activity.”

Blockchain will disrupt business

The blockchain is an integral part of Bitcoin. Jerry Norton, VP of financial services at technology consulting company CGI, says it’ll transform the way businesses operate and the way finance is done. He also sees benefits for smaller firms.

“Blockchain, or distributed ledger technology (DLT) as the generic technology is now termed, has the potential to truly disrupt many industries and make certain processes more efficient, secure, and transparent as it doesn’t require a trusted central third party to enable or record the exchange of goods, payments or other assets,” Norton says.

“Moreover, we believe that the technology lends itself to activities which are relatively infrequent at any one individual entity yet collectively add up to a considerable volume and yet at the same time have a small footprint.

“This makes the technology suitable for streamlining ad hoc business processes that in the past have proved elusive to create a strong business case. For instance, small businesses could use distributed ledger technology to create trusted trading platforms for the digitalisation of paper, proof of delivery and linkage to payment on delivery.”

All eyes on Bitcoin



Anthony Duffy, director of retail banking in UK and Ireland at Fujitsu, says more financial organisations are beginning to pay attention to Bitcoin. “Businesses are taking note of cryptocurrencies and the underlying blockchain,” he tells *TechWeekEurope*.

“Initiatives such as R3 have been launched, where more than fifty of the world’s leading financial institutions have joined a consortium partnership, to work together to design and deliver distributed ledger technologies.

“As R3 illustrates, many financial institutions have started to look at the potential of cryptocurrencies and the block chain. They are aware that they might well be able to improve their own product offering – say, in areas such as securities settlement and payments – by adopting appropriate technologies.

“They are also aware that any movement in public demand towards cryptocurrencies and the blockchain might leave them looking outdated, or even vulnerable to disintermediation, if they were unable to provide an appropriate/comparable service.”

Turbulent times



Although there a plethora of benefits here, that’s not to suggest there aren’t any challenges to adopting Bitcoin. Dmitry Bagrov, MD UK of global tech consulting firm DataArt, says Bitcoin lacks clarity and can be confusing to businesses. It may fail, but he believes there’ll be other alternatives.

“The lack of clarity in defining the ‘Bitcoin industry’ is precisely the reason there are so many **differing perspectives on the future of Bitcoin**. Bitcoin is fundamentally different to existing [currencies] as it employs blockchain,” he tell us.

“All bitcoin transactions that have ever been executed are kept chronologically in the public blockchain that is shared by all communication points (nodes) participating in the system. The development of Bitcoin is going through a period of turbulence; it doesn’t necessarily mean that the plane is about to crash.

“The full capability of blockchain technology is yet to be fully realised, which is I why I think it is premature to declare Bitcoin as a failure. The key thing to realise is that even if the current public blockchain system that supports Bitcoin fails, there are still alternatives.”

The **future of Bitcoin and business is a turbulent one**, but rest assured it will undoubtedly play a major part in the future of finance, data recording and the adoption of cryptocurrencies in the enterprise world. So you need to ask yourself if you can afford to ignore the evolution of Bitcoin.

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