

3 Areas Where Enterprise-Focused Startups Are Poised to Make an Economic Impact

How do you improve efficiency by reducing costs and overhead without sacrificing performance?

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The ongoing enterprise/business/startup saga is: how to improve efficiency by reducing costs and overhead without sacrificing performance? I deal with this on a daily basis. Trade-offs are inherent in any business decision-making process, and it is often through new developments (i.e., technology) that the optimal solution arises. I'm an early adopter for these exact reasons. So much new tech is constantly being built to create efficiencies and support business processes.

For enterprises in industries ranging from digital identity verification to supply chain tracking, that answer has frequently resulted in a specific iteration of blockchains: enterprise blockchains.

They are more attuned to conventional business models and are subject to many of the same liabilities as business-operated software systems, such as a cloud-based database network. For example, a consortium of banks leveraging a blockchain as a settlement layer. See: the IBM-powered CLS that was launched last year.

Facebook's recently launched Libra network is another example

of a consortium-based network, with the underlying blockchain serving as the thread that connects the firms participating.

Enterprise-oriented startups have made significant headway in recent months, so what exactly are the areas where they can make an economic impact?

Digital identity verification and security

Look no further than recent Facebook scandals or what seems like an endless barrage of data impropriety among major tech firms to understand the significance of mitigating their control over user data. But how do you reconcile user data sovereignty with identity systems?

Several firms believe that enterprise blockchains can provide the solution.

For example, MaxonRow is an identity dependent mainchain that allows token issuance, and an identity chain which confers control of user data directly to the user. Users can selectively reveal their data to third-parties and use of the system can be governed using whitelisting and hash-based identifiers. This allows identity built into the blockchain, without worrying about third-parties gaining access to personal information.

Importantly, MaxonRow ensures the ecosystem will be able to comply with government KYC/AML requirements. Their identity verification system enables governments or regulators to act as the ultimate arbiter of identity validity and allows enforcement and audit when necessary.

Blockchain-based identity solutions have garnered significant attention for several years, in large part a consequence of their congruency with cryptography and new technologies like IPFS that leverage hash-based identifiers. However, identity

solutions based on permissionless networks such as Ethereum are sure to rub governments the wrong way, as they could be wielded to conceal information on illegal actors.

Some digital identity services, such as Civic, are built on Ethereum, but their traction has faltered so far, and enterprise-based systems seem poised to grab more regulatory support.

Digital banking and open finance

Despite the rising narrative of decentralized finance (DeFi) in the broader cryptocurrency space, DeFi presents some problems and faces some critical hurdles to its widespread adoption.

For example, the popular over-collateralized lending services, MakerDAO, saw its stability fee rate near 20 percent following the inability of its stablecoin, Dai, to maintain its 1:1 peg with the USD. A product of its inability to scale, MakerDAO highlighted how with only a subset of users within an esoteric field, DeFi products struggle to remain operational in times of high user numbers.

This is aptly demonstrated by services such as BlockFi, which is a hybrid of conventional credit systems and DeFi, that has emerged as popular alternatives to MakerDAO and is not subject to scaling woes.

Similarly, Mt Pelerin, a Swiss-based digital banking startup, is bridging DeFi with the conventional banking system. The goal is to bring an entire bank's balance sheet on-chain, creating a blockchain-based banking ecosystem, but under the umbrella of meeting government regulatory requirements.

Though built on a permissionless network like Ethereum, Mt Pelerin is an authorized financial intermediary in Switzerland and can help expedite the operational process of issuing

tokenized assets to the public for small and medium enterprises and other firms wishing to raise funds.

Other initiatives, such as Ripple's RippleNet product for global payments and liquidity, are more attuned to the needs of conventional banking requirements, based on the XRP token. It is uncertain at this point which path (i.e., permissioned versus permissionless) will come to dominate the transition towards more open financial products, but it seems that solutions bridging the old with the new are positioned the best.

Supply chain tracking

Logistical networks are massive, convoluted endeavors that span global consortiums of businesses and require minute details on the timing and conditions of product shipping. As a result, blockchains have emerged as an ideal solution for increasing efficiency and transparency in the industry.

From Accenture reports on the effectiveness of blockchain-based supply chain tracking in the food sector to the rise of enterprise networks like VeChain, the compatible fit of blockchains and logistics is manifest. In particular, enterprise blockchains have gained an advantage over permissionless solutions so far.

For example, VeChain's hierarchical governance system is representative of a conventional business, and its blockchain acts as the shared ledger for validating and tracking products (i.e., luxury fashion) across the globe. Numerous entities can join and participate, but they undergo a verification process, and specific sets of data are made accessible to select portions of the network.

Tracking food, retail products or medical supplies via a consortium (i.e., enterprise) blockchain empowers businesses to reduce transaction overhead. They can even monitor the

real-time metrics and environmental conditions of products using technologies such as NFC and RFID tags that upload hash-identified data directly to the blockchain.

Anonymity technologies and better scalability solutions may make permissionless networks a viable medium for tracking high-value assets in the logistical field one day, but for now, enterprise blockchains seem to have the advantage.

Enterprise and public blockchains come with different value propositions. In terms of pure cryptocurrencies, public blockchains are the undisputed leader, primarily deriving from their ability to mediate trust across an open network of participants.

Conversely, enterprise networks are more of a compromise between the underlying technology of cryptocurrencies, blockchain and the standard regulatory and business requirements of contemporary times. Camps supporting both sides have compelling arguments, and we will likely see an ecosystem where both types of networks can flourish side by side.

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