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KEY NOTE KONRAD HUMMLER

*Digital De-institutionalization
Socio-economic Implications of
Blockchain Technology*

September 14, 2017

Crypto'17 Zürich

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Blockchain: Hype or Reality?



Obsession over blockchain

The hype and the hope – From disruption, creative destruction to ICO's and cybersecurity

\$1.6 Billion: All-Time ICO Funding Climbs as Record \$500 Million Invested in July

Aug 4, 2017 at 13:00 UTC by Chuan Tian

CIO JOURNAL

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Why Blockchains Could Transform How the Economy Works

By Irving Wladawsky-Berger
Nov 20, 2015 1:27 pm ET

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Blockchain Technology Is Set to Disrupt Every Industry--and Music Is Next

AUG 21, 2017 @ 07:00 AM 11,658

3 Ways Blockchain Is Revolutionizing Cybersecurity



The first ICO unicorns are here

Posted Aug 31, 2017 by Jon Russell (@jonrussell)

AUG 30, 2017 @ 08:02 AM

Will Blockchain Change The Way We Invest?



\$200 Million In 60 Minutes: Filecoin ICO Rockets to Record Amid Tech Issues

Aug 10, 2017 at 21:43 UTC by Stan Higgins

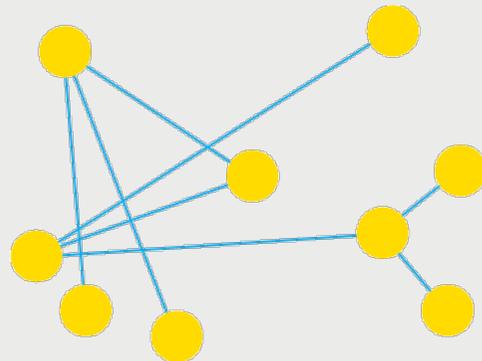
Market economies are a spontaneous order, a more efficient allocation of societal resources than any design could achieve



Friedrich August von Hayek: The fatal conceit (1988)

Spontaneous order in the blockchain world

From chaos to order: The blockchain world will eventually become a spontaneous order



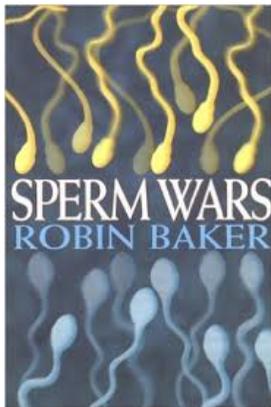
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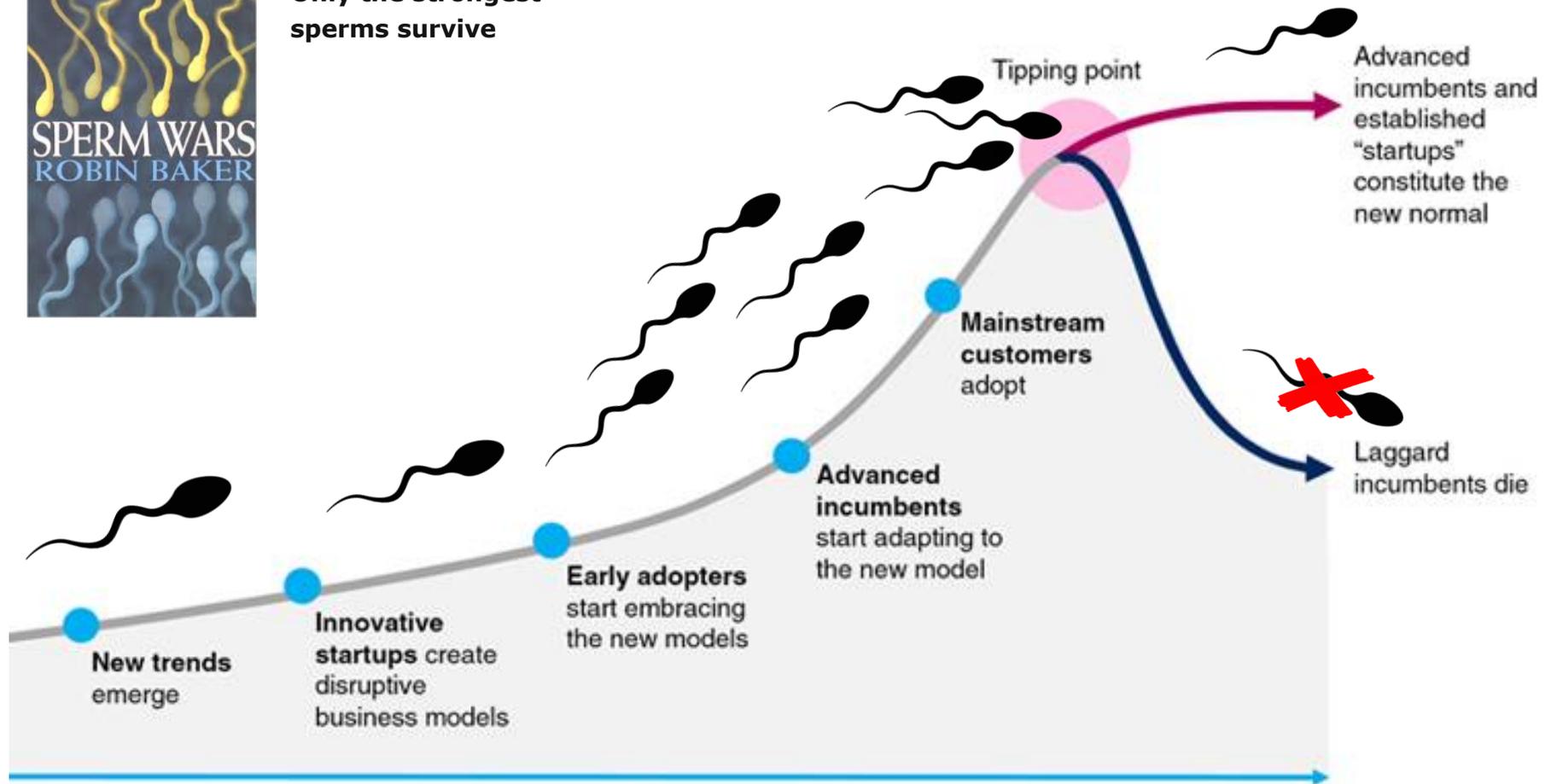
INTO THIS

Spontaneous order is superior to any order a human mind can design due to the specifics of the information required... Centralized statistical data cannot convey this information because the statistics are created by abstracting away from the particulars of the situation. Spontaneous order is the result of human action but not of human design.

Sperm wars: Embracing the blockchain hype is inevitable for its future success and the best business models will prevail



Only the strongest sperms survive

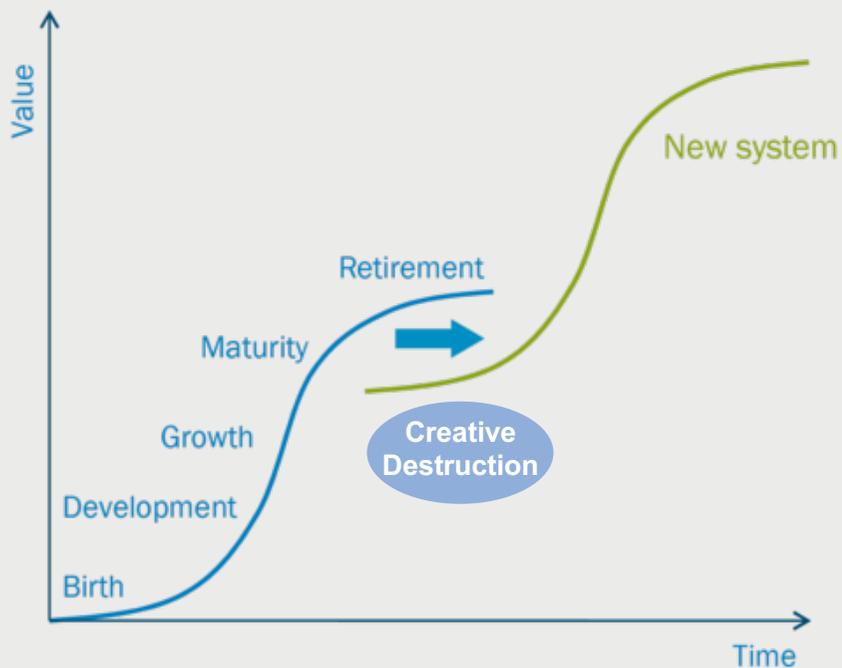


By removing the need for middlemen, the Blockchain technology has the potential to completely reshape any industry



Is blockchain a disruptive innovation?

Creative Destruction process



Schumpeter's definition of creative destructions

"Creative destruction is a process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one."

Blockchain – A creative destruction?

- By removing the need for middlemen, the Blockchain technology has the potential to completely reshape and destruct any industry.
- The blockchain technology is a radical, competence-destroying innovation in that the novelty of the technology would render the current one obsolete.

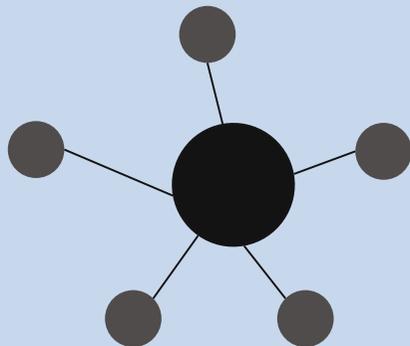
Opportunities of blockchain technology



Change of paradigm with disruptive impact on traditional systems

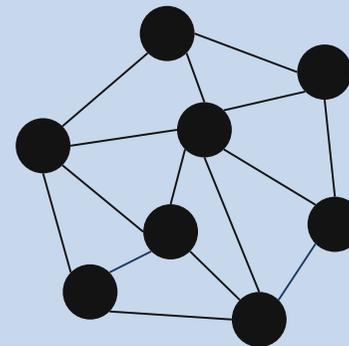
Centralized system

Trust and stability via powerful institutions at the core



Decentralized network

Trust and stability through distributed power and mutual control



Radical reduction of information and transaction cost by relying on cryptography and peers instead of expensive intermediary institutions

Challenges of blockchain technology



Endogenous



System instabilities

Unclear and potentially sub-optimal governance



Physical-digital gaps

Insecure bridges between real and virtual world

Exogeneous



Existing institutions

Elimination of disruptive applications via privatisation



Regulatory bodies

Limitation of innovative power via de-anonymization

Responsibilities of the blockchain community



To dos



Establish self-regulation

Ensure stability and ethics of blockchain applications



Improve cooperation

Establish open instead of closed modes of collaboration



Bridge technological gaps

Make blockchain applications more reliable and trustworthy



Create conceivability

Facilitate adoption by making technology comprehensible