

REPORT REPRINT

Blockchain Technology Partners wants to operate your enterprise blockchain

CSILLA ZSIGRI, WILLIAM FELLOWS

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Former Cloudsoft CEO Duncan Johnston-Watt is taking on a new endeavor with a mission to simplify enterprise adoption of blockchain technologies. Edinburgh-based startup Blockchain Technology Partners (BTP) is working toward providing a production-ready blockchain platform and partnering with businesses to deliver blockchain-based products that it will manage on behalf of customers. BTP's first client is The Scotcoin Project.

THE 451 TAKE

The promise of frictionless business is a powerful one. While there are hundreds of blockchain startups, few have yet conveyed a value proposition that is compelling enough to attract paying customers, and few are mature enough in their efforts to create an enterprise-class platform. BTP is seeking to bring the benefits of blockchain to business and simplify enterprise adoption. With a growing demand for enterprise blockchains and a scarcity of skills, there is an opportunity for third-party expertise that can support use-case definition, proofs of concept and production deployments. Furthermore, blockchain-based business networks need enough of the right participants to make the concept work - assembling consortia, on-boarding partners, developing the operating model, and driving the adoption of specific blockchain-based applications are all key pieces of the puzzle.

CONTEXT

Taking a different approach than hybrid cloud application management company Cloudsoft - launched in the classic tech startup phase characterized by fundraising and intense R&D - BTP has focused on revenue from day one, and leveraged available open source tools to develop a blockchain platform that brings together the most appropriate components for different use cases, boosted by the use of partner capabilities. Everything from use-case definition to full operational blockchain implementation is what BTP wants to offer and deliver to its customers.

Under Johnston-Watt's leadership, Cloudsoft joined the Hyperledger project in 2016, with the conviction that deploying and managing blockchain applications in the cloud is critical for blockchain technology's adoption by a broader business community. Cloudsoft is also the company behind the open-source Apache Brooklyn, a framework for modeling, deploying and managing distributed applications.

STRATEGY AND TECHNOLOGY

BTP was founded in late 2017, and its first client is The Scotcoin Project (TSP) - the community interest company behind Scotland's digital currency. TSP is focusing on driving the adoption of Scotcoin (i.e., spread the word and find new merchants), but does not want to own and operate the platform.

That's where BTP comes into the picture as TSP's technology partner. Scotcoin is currently running on the Counterparty platform. TSP carried out a successful proof of concept with BTP at the end of last year, and plans to move to a new platform with improved transaction processing speeds and costs.

The BTP platform will leverage the modular Hyperledger Sawtooth 1.0 blockchain framework. Sawtooth uses the proof of elapsed time (PoET) consensus protocol, which, instead of having miners solve a cryptographic puzzle (like proof of work, or PoW, does), uses a trusted execution environment to ensure blocks get produced randomly and with a guaranteed wait time, but without the 'work.'

It's fundamentally more energy-efficient and performant than PoW. The platform also supports the ERC20 token standard, which is a good move given the acceleration in the use of digital tokens in many use cases. Unsurprisingly, BTP has chosen Apache Brooklyn to automate the modeling, deployment and ongoing management of the platform. The company plans to continuously evolve the platform's capabilities as customer needs dictate.

BTP is building a services portfolio that will allow it to provide customers with a full experience from use-case definition to a fully operational blockchain offering that can be managed by BTP on the customer's behalf. Services include initial use-case assessment, development of proof of concept and minimum viable product, and production pilot.

However, it is BTP's focus on the customer's operating model – rather than technology per se – that is a key part of the offering. It will work with customers to develop and implement the necessary operational processes. Moreover, it will deliver products 'as a service,' and operate the underlying platform for multiple customers.

BUSINESS MODEL

BTP was initially self-funded; however, the company is considering a few funding routes for the future: venture capital, enterprise investment or even a token offering. BTP is bootstrapping its development using Cloudsoft as a partner to help it get to a minimum viable product while it builds out its own engineering team to take this forward. It is also riffing on the success of other technology partners (such as Cambridge Technology Partners and Cloud Technology Partners), seeking to emulate their partner models.

Its founding team has industry experience in automation, blockchain, cloud, crypto, fintech, IoT and open source software. It will be incorporating new members throughout 2018 to establish a solid team with credibility in the space. Chairman David Low is also chair of Lowdit Partners investment house, which co-owns all IP and economic rights relating to The Scotcoin Project.

The startup's go-to-market focus is industry-agnostic; however, it acknowledges that there are a few areas – such as financial technology, supply chain, biotech and healthcare – that have real potential in the shorter term. The financial services market has been a learning laboratory and proving ground for blockchain technology. But it has become a noisy industry in terms of blockchain offerings, so it makes sense for new startups to focus elsewhere.

BTP currently has one customer, The Scotcoin Project, but it is already eyeing new opportunities in waste management, healthcare and biotech. Potential revenue streams include professional services fees tied to use-case assessments, POC work and early implementations, and recurring revenue coming from the operation. White-labeling its platform is still in the future, but it's a possibility that BTP is certainly not discounting.

The blockchain market is moving so quickly that opportunities are emerging from all points. The word 'blockchain' hasn't yet been uttered (as far as we know) with regard to Brexit, but the range of different trading arrangements being mooted by all parties (both UK political parties and national states) suggest that in order to be credible in today's world, the kind of frictionless supply chain and transaction system that blockchain can help deliver will be required.

COMPETITION

There are a number of startups that can rival BTP. BlockApps is an emerging vendor that is commercializing blockchain technology as an enterprise-grade application development and integration platform. Its Strato platform develops applications that use the Ethereum blockchain as communication and integration middleware to connect and run distributed enterprise applications.

Chain Inc offers its Chain Core platform based on the Chain protocol. It's positioned as an enterprise-grade blockchain infrastructure designed to build financial service applications. Dragonchain is offering a blockchain platform originally developed at Disney, and built on a scalable serverless platform. It is also rolling out an incubator and a marketplace. Ethereum is a decentralized platform that runs smart contracts, and is also used as a foundation for several other blockchain startups.

IBM, a founding member of the Hyperledger project, is among the early believers in blockchain technology, and has been working on a variety of use cases with hundreds of clients in the last three years in an effort to play a leadership role in developing, governing and operating multi-party blockchain-based business networks. Other large IT and cloud providers that have launched their blockchain (as-a-service) offerings include Hewlett Packard Enterprise, Microsoft and Oracle.

SWOT ANALYSIS

STRENGTHS

BTP has a clear value proposition - bringing the benefits of blockchain to business - and its leadership team has the necessary expertise to bring together the components to deliver.

WEAKNESSES

Blockchain is still a nascent technology, especially in an enterprise setting; therefore, many businesses may not be ready to fully embrace a blockchain-enabled commercial engagement. Moreover, business models in an enterprise context are still unproven.

OPPORTUNITIES

According to 451 Research's Voice of the Enterprise, Digital Pulse survey, 12% of enterprises are evaluating blockchain or working on proofs of concept, and another 10% have plans to implement it within one or two years. Given the little real-world enterprise experience and scarcity of skills in blockchain technology and potential applications, there is a sizable opportunity for third-party expertise and support for use-case definition, POCs and production deployments.

THREATS

Rivals in markets for blockchain, the cloud, IT and IoT have been stepping up their efforts in the last year or so, and have blockchain offerings that cater to enterprise requirements.