IBM Institute of Business Value: Rethinking Enterprises, Ecosystems and Economies with Blockchains.

*Fotis Kosmatos - IBM Financial Services Sector Sales Leader*

Athens, 28 March 2017
Our ongoing goal is to engage more people all over the world... so that we can predict the next wave of change.

Peter Korsten
Leader
IBM Institute for Business Value
IBM’s Global C-suite Study series draws on more than a decade of research with over 28,000 interviews.

This Global C-suite Study is the 19th in its series and covers six roles:

- 7,300 CEOs
- 9,000 CIOs
- 3,000 CMOs
- 1,250 CSCO/COOs
- 5,700 CFOs
- 2,050 CHROs

Years:
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016

©2017 IBM Corporation

IBM Institute for Business Value
### C-suite Study theme history

<table>
<thead>
<tr>
<th>Year</th>
<th>C-suite topic</th>
<th>03</th>
<th>06</th>
<th>09</th>
<th>12</th>
<th>15</th>
<th>18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Experience</td>
<td>Change gap</td>
<td>Creativity</td>
<td>Shared values</td>
<td>Customer activation</td>
<td>Agile</td>
<td>Design-driven</td>
</tr>
<tr>
<td></td>
<td>New business models</td>
<td>Industry model innovation</td>
<td>New channels</td>
<td>Organizational openness</td>
<td>Cross-industry competition</td>
<td>Digital invaders</td>
<td>Platforms</td>
</tr>
<tr>
<td></td>
<td>Market activation</td>
<td>Social responsibility</td>
<td>Customer collaboration</td>
<td>Customer experience</td>
<td>Social data</td>
<td>Journey mapping</td>
<td>Augmented reality</td>
</tr>
<tr>
<td></td>
<td>Actionable insights</td>
<td>Scenario planning</td>
<td>Integrated organization</td>
<td>Visual dashboards</td>
<td>Predictive analytics</td>
<td>Big data</td>
<td>Cognitive</td>
</tr>
<tr>
<td></td>
<td>Responsive operations</td>
<td>Simplify and standardize</td>
<td>Flat world</td>
<td>Digital-physical strategy</td>
<td>Operational transparency</td>
<td>Reach market first</td>
<td>Cyber security</td>
</tr>
<tr>
<td></td>
<td>Orchestrated ecosystems</td>
<td>Responsiveness</td>
<td>Global integration</td>
<td>Partnering for innovation</td>
<td>Value chain collaboration</td>
<td>Ecosystems</td>
<td>Value networks</td>
</tr>
<tr>
<td></td>
<td>Restless talent</td>
<td>Work-life balance</td>
<td>Partner for talent</td>
<td>Lower time to competence</td>
<td>Future proof employees</td>
<td>Digital acumen</td>
<td>Fluid employees</td>
</tr>
<tr>
<td></td>
<td>Emerging technologies</td>
<td>Interconnected</td>
<td>Web 2.0</td>
<td>Mobile</td>
<td>Social</td>
<td>Cloud</td>
<td>Blockchain</td>
</tr>
</tbody>
</table>
Core theme: Digital Reinvention

There is a deep relationship between what we covered in past C-suite Studies and today. According to Source Global Research, IBV thought leadership stands out because of its appeal, resilience and its ability to prompt action.

WHY do I need to change?  WHAT should I do?  HOW do I do it?
Core theme: Digital Reinvention

There is a deep relationship between what we covered in past C-suite Studies and today. According to Source Global Research, IBV thought leadership stands out because of its appeal, resilience and its ability to prompt action.

- Companies who leverage digital opportunities are rapidly reinventing themselves.
- "Platform" is the dominant new business model that is driving this.
- Incumbent companies ignoring these trends are at risk of being left behind.
Core theme: Digital Reinvention

There is a deep relationship between what we covered in past C-suite Studies and today. According to Source Global Research, IBV thought leadership stands out because of its appeal, resilience and its ability to prompt action.

**WHY do I need to change?**
- Companies who leverage digital opportunities are rapidly reinventing themselves.
- "Platform" is the dominant new business model that is driving this.
- Incumbent companies ignoring these trends are at risk of being left behind.

**WHAT should I do?**
- Probe and understand the competitive challenges in the current and future landscape.
- Identify the most effective strategies to counter digital disruption.
- Consider how agile your organization needs to become.

**HOW do I do it?**
Core theme: Digital Reinvention

There is a deep relationship between what we covered in past C-suite Studies and today. According to Source Global Research, IBV thought leadership stands out because of its appeal, resilience and its ability to prompt action.

**WHY do I need to change?**
- Companies who leverage digital opportunities are rapidly reinventing themselves.
- "Platform" is the dominant new business model that is driving this.
- Incumbent companies ignoring these trends are at risk of being left behind.

**WHAT should I do?**
- Probe and understand the competitive challenges in the current and future landscape.
- Identify the most effective strategies to counter digital disruption.
- Consider how agile your organization needs to become.

**HOW do I do it?**
- Determine the skills, resources, partners, capabilities and insights required to execute your strategy.
- Affirm the role the ecosystem should play.
- Explore what technologies will be crucial to achieving the goal of digital reinvention.
C-suite Study – Quarterly Hot Topics

Q1
Blockchain
“frictionless transaction”

Q2
Cognitive/AI
“discovering the unknown”

Q3
Watson IoT
“smart factory”

Q4
Macro views

Every quarter we highlight a different Hot Topic
Fast forward

Rethinking enterprises, ecosystems and economies with blockchains

IBM Institute for Business Value
Frictions framework
Information, interaction and innovation frictions challenge business efficiency

1. Information
   - Imperfect information
   - Inaccessible information
   - Information risks

Frictions

2. Interaction
   - Transaction costs
   - Degrees of separation
   - Inaccessible marketplaces

3. Innovation
   - Restrictive regulations
   - Institutional inertia
   - Invisible threats

Blockchain attributes framework
Five attributes of blockchains are key to reducing business frictions

- Distributed and sustainable
- Secure and indelible
- Transparent and auditable
- Consensus-based and transactional
- Flexible and orchestrated
Transformation triad

Three ways that enterprises, ecosystems and economies can benefit from blockchains

- A new science of organizations
- The tightening of trust
- A new nexus for value exchange
Blockchain rewires financial markets
To understand how blockchains will revolutionize Financial markets we surveyed 200 organizations.

- 16 countries
- CFO, CTO, CIO offices

Respondents met the following criteria:

- Working with, or planning to work with blockchains within a year
- Familiar with their organization’s blockchain strategy

Source: IBM Institute for Business Value analysis
Key Trends in Financial Markets

First movers: Trailblazers set a fast pace and new direction

Just a handful of firms are operating on blockchains today. By 2017, 14% of financial markets institutions in our study expect to have blockchains in production. These trailblazers are prioritizing blockchain efforts to focus on new access to trusted information and new business models.

Opportunity seekers: Trailblazers prioritize key business areas for best benefits

Cost, immutability and transparency benefits: Trailblazers focus blockchains on four areas — clearing and settlements, wholesale payments, equity and debt issuance, and reference data.

New business models: Trailblazers expect blockchains to yield the greatest effect in opening up new business models in three of the four same areas: equity and debt issuance, clearing and settlements, and wholesale payments.

Shifting profit pools: New vectors for growth and disruption

Investing for growth: Financial markets institutions are investing most heavily in identity and know your customer (KYC), clearing and settlements, collateral management, reference data and corporate actions.

Ignoring disruption? Most firms, including those in the trailblazer section, aren’t anticipating disruption from blockchains, in large part due to regulation.
Blockchain in the room

Event’s pulse: How familiar were you with Blockchain before this event?

~ 65 Executives and Key Influencers
> 30 leading companies in Greece
Industries represented:
Banking, FS and Fintechs, Insurance, Shipping, Retail, Travel & Transportation

Extreme Familiar: 10%
Very Familiar: 21%
Not so familiar: 16%
Moderate: 42%
Not at all familiar: 11%
What factors would influence your enterprise to invest in Blockchain technology? How do they compare with the global trends we saw before?
How important are each of these parties for adopting Blockchain? How do they compare to the accelerators we saw earlier today?
How will Blockchain support your enterprise strategy?

- Reduce transaction costs by eliminating intermediaries
- Simplify and automate business processes
- Increase trust in transaction reliability
- Improve security against fraud and cybercrime
- Increase transaction speed by reducing clearing and settlement time
- Increase transactional transparency
- Ensure data quality and accuracy
Participate in the dialogue

Why?

You will receive:

- A copy of the Quarterly Report from the quarter in which you were interviewed
- An initial Personal Feedback Report comparing your answers to your role, industry, region and global samples from the quarter in which you were interviewed
- Copies of the Global Study Final Report, your role-specific Point of View, and the industry Point of View
- A final Personal Feedback Report comparing your answers to your role, industry, region and global samples after the Final Report is published
- An opportunity to discuss the findings of the report with someone from IBM and identify opportunities
Reach out to the IBM representatives in the room and make and sign up for an interview.

IBM Institute for Business Value