

## OLIVER BUSSMANN

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### Steven ERLANGER

Next we have Oliver Bussmann. Now, here we have been talking about some of the ethics and the issues around technology, trust and truth. Oliver is going to explain to us the real technology and I think he has things to say that we can learn from.

### Oliver BUSSMANN

Steven, thank you so much for the introduction. Yes, it is exactly what Susan said. We are coming out of 20 years of Facebook and Google dominating communication channels and content and there is a lack of oversight. Can we trust these kinds of sources of information? I would like to walk you through the next generation of digital disruption. It sounds a little bit technical, I would say, but I will walk you through something that I believe is the next wave of digital disruption like the Internet that we went through 20 years ago. It is called blockchain and I would say it is the new technology of trust because it will change how we interact between each other and how we transact because it leverages the open Internet and cryptographic functionality. We will see a lot of things getting faster and more secure, especially when it comes to key information and also to establish a new way to trust. 20 years ago, we were swinging more to a central business model. Now you will see us moving towards a totally different business model.

Let me explain that. I think we are at the beginning of a major change. If you look at how we interact today, we transfer information over the Internet by duplication. We always copy music, PDFs, PowerPoints, whatever, if we want to exchange between two parties. That is a lot of duplication and in most cases, there is somebody that verifies that this is being processed in the right way and that generates a lot of complexity. All the parties have to reconcile their positions and transactions. They have to maintain their own books and ledgers, I would say, and they always have to be in synch. Especially in the financial service industry, if you buy and sell stocks, it takes a few days to finalise the transaction between two parties. There are a lot of third parties involved. It takes time, very complex and inefficient and it is not transparent.

Now with blockchain, the idea is that we now have a world in which even physical assets can be transferred in a digital way. We do not want to have a duplication of assets. We do not want to use a third party. It is almost like a self-regulated way of exchanging, doing a deal, doing a transaction, exchanging information, and so the blockchain technology is simplifying business between two parties. It is very direct peer-to-peer interaction. The information that you store on the open Internet via blockchain cannot be changed. It is immutable and it is happening without a third party. This potentially eliminates clearing houses, Facebook, Uber and other third parties that are usually involved in transactions between two parties.

A blockchain can be described in four topics. Everything is digital. There is no more paperwork. Everything will be stored and the big difference is that the network, which means you and I and other parties will verify those transactions by consensus in an automated way. It is a very decentralised process and approach. I will give an example in a minute about the media industry. The community at the end will make sure that the news is correct by using fast checks and so on. It is secure, so you cannot add, move or change this information once it is out there and verified. It is secured through cryptographic functionality, so it is a completely different way of interacting going forward. The difference is that the middleman disappears. For example, with a buyer and a seller, eBay could disappear.

There will be a direct relationship between an investor and a company if someone wants to invest, and that for me is the real example right now in the industry: the venture capital industry is becoming diminished by this because there is a new technology out there. Using blockchain, companies can sell their virtual stocks and it is getting more funding right now through so-called initial coin offerings than through the venture capital industry. Venture capital as the

middleman is already under pressure. It is the same between reader and producer. The middleman exchanging this information will disappear and this is a serious business model change because it is very comparable with what happened 20 years ago.

We are talking about 2,000 start-ups working in all industries, such as financial services, media, logistics and healthcare, building new solutions and if you look at how much money is invested, it is very similar to the Internet start-up companies 20 years ago at \$500 million investments per year, but the number last year was \$700 million invested in blockchain start-ups. This year, it will be over 3 billion because with the initial coin offerings leveraging the blockchain technology, there is now access to capital that was not in place before, so we will see a democratisation of access to capital. The bottlenecks we saw with private equity firms and venture capital firms will be freed up. I want to put this on the radar for you because this has an impact on geography, on region and on business development.

Let me walk you through one example. I am not talking about the financial service industry because banking is the fast mover already. I would say very close to that is the media industry and Susan mentioned that we run into the issue of some content being produced out there and nobody can verify if it is real or fake. In the media business for example, there are many decentralised media start-ups out there that are now putting up news networks called decentralised news networks leveraging the blockchain technology. This is a platform for producers, writers, reviewers and readers. That means the producer provides content. There is a community of fast check reviewers and the community gets paid for that. Based on guidelines, the reviewers are checking if the published information is correct. The decentralised news network then provides this information to the community. There is an incentive for that because through cryptocurrency, everybody gets paid, so that is a way to increase its adoption. It is decentralised collaboration and it is a factual way to put information out there.

It is something that is really fascinating to watch. I think the adoption of those kinds of technologies will be faster than Facebook. It took them over three years to get to 50 million. I think this will be faster because there is a monetary incentive that the user gets instead of a company like Facebook through commercials. This can be applied to all industries, such as financial services, logistics, healthcare and others. In the end, we are talking about significant financial benefits, such as simplification, speed and transparency, so the technology itself at the end is a new technology of trust that the community will build and there is momentum across the region that I think is unstoppable.

**Steven ERLANGER**

Oliver, thank you very much. I must say I still feel a chill. I suspect the taxman also feels a chill because if there is no record, then there is no tax.

**Oliver BUSSMANN**

There is a record because everything will be recorded on the Internet, so the traceability of those transactions is even higher from an AML perspective, anti-money laundering. It is a global theme. It is not limited to certain countries. There will be cross-border accessibility.

**Steven ERLANGER**

That is great. Thank you. When we get to questions, people in the audience will have specific things to ask. The whole idea of decentralised media fascinates me, partly because it seems to eliminate the whole idea of professionalism, of professional editors, of training in the craft. If everything is a hobby, then who do you trust?

**Oliver BUSSMANN**

Professionals could be incentivised to be part of the reviewing method because they get paid, so that is a different role that the editor could play in the future.

**Steven ERLANGER**

That is interesting. As a former editor, I would probably make more money with your blockchain.



**Oliver BUSSMANN**

Absolutely, because I think you have much greater access to information that can be verified.

**Steven ERLANGER**

Anyway, thank you.