

What role does blockchain play?

The concept of tokenized value was first made popular by the 2008 introduction of a peer-to-peer ‘cash’ exchange system, Bitcoin. Unfortunately, tokenized value is often thought of in terms of blockchains due to the technology underpinning the Bitcoin, and later Ethereum, networks.

The high energy around Bitcoin, Ethereum, and initial coin offerings (ICOs) drove waves of technologists to focus their attention on bringing to market different, or ‘better’, blockchain (more generally termed, distributed ledger) platforms. What has been left in the wake of all this energy, however, is a diverse and wide selection of distributed ledger choices – each of them differentiating themselves on technical underpinnings and evolving new economic models. And in the enterprise universe, sets of independent consortia organized around their own economic models and developed their own diversity of platforms.

It’s unnecessary to understand the details of what makes blockchains or distributed ledgers tick. What is important is that this technology illustrated the possibility of shifting from a transactional model, where individual parties manage trust and authenticity, to a new model that decentralizes the management of trust and uses a cryptographically secured means of establishing authenticity.

Although many tokens will run on blockchains or other forms of distributed ledgers, there is no need to tie tokens to blockchains nor to make platform part of the token discussion; we must take a much larger, more ambitious view of how organizations can use tokens to work better together. Whether or not the tokens eventually reside on a blockchain or distributed ledger is irrelevant.

This is a very cursory view of what is a more complicated and nuanced subject, but what is clear is that – despite all the hype around blockchain – the business value around that hype has not fully materialized after more than ten years of market presence. The focus on building technology platforms splintered the market and turned distributed ledgers into a very fragmented technology, with interworking between the fragments impossible.

It’s time to redraw the focus on tokens into a more business-oriented light. The concept of a cryptographically trusted and authenticated token is really what can revolutionize the world! This is why the InterWork Alliance maintains a business-centric view and builds standards for tokenizing value that are platform-neutral.