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Blockchain Fear of Missing Out (FOMO)



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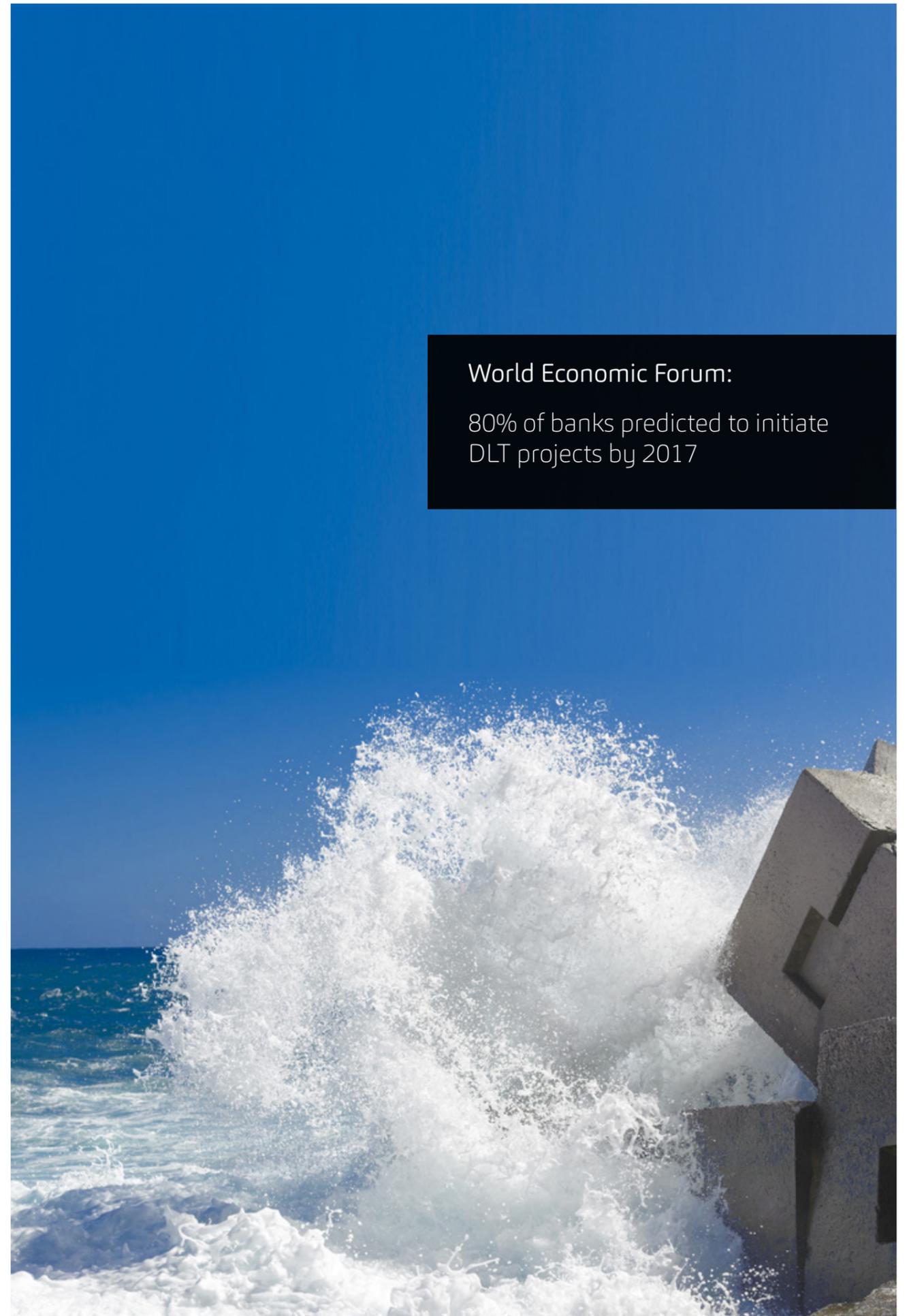
Breaking Barriers to Innovate into the Blockchain Waters

As with any new, exciting technology, blockchain investment is on the rise. According to Greenwich Associates, global financial institutions and technology providers will spend more than \$1 billion in 2016 on capital markets blockchain vs. Blockchain has reached what Gartner's "hype cycle" calls the "peak of inflated expectations," with searches reaching an all-time high in June 2016 (Google Trends) and excitement for the technology at a fever pitch.

With the growing investment and enthusiasm has come a frantic need to be one of the herd, leading firms to act quickly or risk being left on the sidelines. This fear of missing out on blockchain (Blockchain FOMO) is understandable — the stakes are high and the technology is moving quickly. But frankly, many financial institutions don't know where or how to start. Synchron can work with them to develop a roadmap to accelerate their blockchain initiatives.

World Economic Forum:

80% of banks predicted to initiate
DLT projects by 2017



Blockchain FOMO:

Identifying the business challenge

While blockchain possibilities are virtually endless, a focused business analysis will help financial institutions determine where blockchain can add true value. There is a need to prioritize relevant use cases from the ever-growing list of popular use cases. We've found mortgage servicing, trade finance, margin calls, know your customer (KYC), payments and insurance to have the most relevance because these businesses have decentralized operations and involve payments and paper contracts — and therefore benefit most from crypto currencies, digital ledgers and smart contracts.

For example, where existing KYC utilities have struggled to achieve critical mass, reduce operational cost and standardize industry policy, a KYC blockchain would easily centralize information, time-stamp transactions and generate smart payments. This could introduce a new data revenue source for banks, enhance KYC compliance and decrease fraud with stronger anomalous-transaction detection. The same benefits can be realized across other decentralized markets like mortgage servicing, where fragmentation makes price discovery difficult and transaction times are typically 40 days.

Embrace collaboration

Once the right problem is identified, perhaps the bigger challenge is how to implement a solution. Financial institutions must learn from industry frameworks, tool kits and innovation working groups so their first blockchain step is a proven step.

Private consortiums may seem like a good idea, and the spirit of collaboration is right. However, very large initiatives, like R3 and others, get bogged down in theory, hype, widely varying business needs and inaction. While good for early education and later-stage scalability, for banks looking to move theory into practice, these working groups can be a nonstarter. Actionable blockchain plans need to be customized to unique business needs. Instead of looking outward immediately, firms should look inward — identifying operational gaps and assessing blockchain solutions.

Synechron has created its Financial Innovation Labs (FinLabs) for exactly this purpose, to promote innovation with and adoption of transformational technologies through an immersive experience. We've taken our deep knowledge of financial services businesses and understanding of new technologies to help create blockchain solutions that deal with the intricacies of the banking business.

Reimagine the world

When implementing a blockchain solution, according to Tabb Group, businesses must re-engineer processes. That means reimagining the world. Fragmented environments will need to be rethought as decentralized, paper contracts as smart, and so on. This is where pre-existing frameworks, tool kits, software-developer kits (SDKs) and consultants can be particularly helpful.

Through process engineering, companies can rethink reality to reap considerable savings. How considerable? A recent Goldman Sachs report found that streamlined clearing and settlement of cash securities alone would save \$2 billion in the U.S. and \$6 billion globally — annually. The same report projects a \$700 million global savings in more general IT systems improvements. Looking back to the anti-money laundering (AML) and KYC example from earlier, savings are estimated to be \$3 billion to \$5 billion. With the stakes so high, financial institutions need to generate a realistic plan of attack and start breaking operational and technology implementation into more manageable phases.

Don't miss out

Blockchain FOMO recognizes that the world will change around those firms that operate in blockchain-enabling markets, and the real risk of missing out is being left behind. First movers have a chance to enhance security, minimize fraud, generate new revenue streams, improve customer experiences and completely reshape the markets of the future.

Often the first step is the most scary, but to ease the transition into the new digital world, Synechron has invested heavily into blockchain R&D and has been working tirelessly with our clients in our financial innovation labs to rethink their global operations. Synechron's blockchain accelerators have created frameworks for the most pressing challenges that would benefit from a blockchain solution.

The companies that are working with Synechron and using our accelerators will not be left on the sidelines. They are taking an active role in shaping the way that new digital technologies like blockchain will change the future of financial services. We're proud to be playing such an important role in the evolution of financial markets and will continue to work to give companies the ability to experience, experiment and understand blockchain's transformative potential and to achieve first-mover advantage.

How Synechron can help?

Synechron is working with capital markets, banking and insurance firms to understand their unique business challenges and where blockchain can solve carefully defined problems. We have worked with a number of financial institutions to develop customizable frameworks that address the most common challenges to accelerate blockchain projects and achieve their desired business benefits more quickly.

We've dedicated 50 of our best financial services and technology experts to continuing to understand the business challenges banks are facing and the unique opportunity blockchain brings to transform key financial markets.

Learn more about our perspective on blockchain and the work we're doing by visiting www.synechron.com/finlabs

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