

PHASE 2

Does blockchain fit?



**begin
blockchain**



enabling new growth for sme's



CONTENT

01	Disclaimer	<u>3</u>
02	About this Document	<u>4</u>
03	Summary	<u>5</u>
04	The Starting Point	<u>6</u>
05	Resources	<u>7</u>
06	Establish your Learning Goals	<u>9</u>



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This module requires critically assessing if a blockchain solution is the right one for the business proposed, so it is a validation of the initial business hypothesis. This can be done by identifying the key elements for that solution, which may or may not be already present in the Canvas. This also requires studying similar existing blockchain solutions and how they are different or limited with respect to the student's envisioned solution.



This step aims at reflecting if a blockchain or decentralized solution is the right way to move on with the business or project.

This is a critical point for entrepreneurs who have a business idea and may pivot the business model either slightly or radically.

The trainer needs to play the **“devil’s advocate”** role, raising objections and pointing to potential pitfalls. That would help students in their quest to understand and be confident that their business is a **“blockchain business”**.

The end of this stage should be a clear statement of the key role of blockchain technologies in the business model, avoiding vague notions of that use or using blockchain as a “catchy” phrase but having a traditional digital business model instead of one based on decentralization.

The decision point to move to the next step is having external input from potential users, experts or investors. However, the key is addressing them only after having a sound argument and a clear understanding of the role of blockchain in the project and profound knowledge of similar, competing, or complementary solutions yet existing in the blockchain space.



Let us start looking more carefully at the BMC you have previously sketched. The first element to look at is where is blockchain or related terms mentioned in the Canvas. In what follows, indications are given to raise the discussion in the PBL meetings. As it is common in PBL, the trainer should not be the discussion leader. Instead, she might either participate at given points during the session (avoiding monopolizing the flow of the discussion) or provide comments to the minutes of the PBL session.

PARTICULARLY, CONSIDER AND DISCUSS:

- That blockchain should be explicit or implicit in the section "Solution".
- If it is there, it is an answer to the problems in the " Problem " section.
- Check and change if needed.

REVIEW THE FOLLOWING QUESTIONS:

- What would a non-blockchain solution (NBS) look like for the same problem?
- Which properties are relevant and differentiate your solution to an NBS?
- How would a BS attract more users than a similar NBS?
- Will the use of blockchain technologies represent some barrier to some customers or users?

Then, move to consider the "UNIQUE VALUE PROPOSITION" (UVP):

- Is the blockchain implicit in what is said there, or is the UVP related to other aspects of the solution (e.g. user interface)?

It is not a problem if the blockchain element is not the UVP itself, but it should at least be a necessary factor, contributing something that the NBS cannot provide.

Finally, look at the section "CUSTOMER SEGMENTS" section and discuss the following:

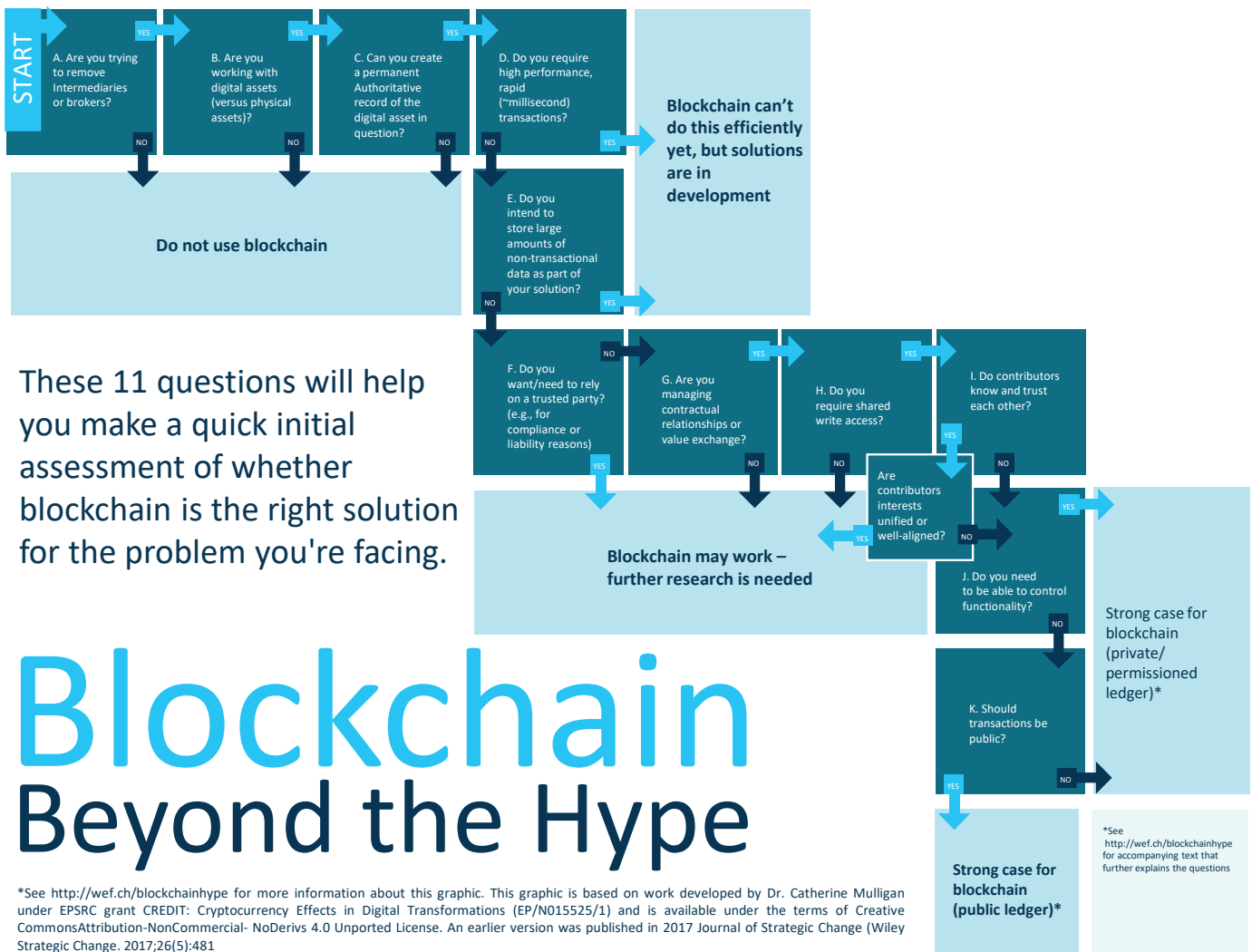
- They pay for some service, but who receives that payment? Only your company?
- Nodes in the blockchain network? There is some transfer of value between users?
- Try to be as concrete as possible in these flows.
- Do you require other actors to engage in your solution for it to be successful?

After the discussion, it should be clear if the solution proposed requires blockchain technologies to differentiate from a NBS and that such BS will be valued by users, partners and/or stakeholders.

RESOURCE 1:

Going Through Decision Workflows

You can find online different discussions and flowcharts that attempt to guide in the blockchain YES/NO assessment. This is an example workflow taken from [here](#):



These 11 questions will help you make a quick initial assessment of whether blockchain is the right solution for the problem you're facing.

Blockchain Beyond the Hype

*See <http://wef.ch/blockchainhype> for more information about this graphic. This graphic is based on work developed by Dr. Catherine Mulligan under EPSRC grant CREDIT: Cryptocurrency Effects in Digital Transformations (EP/N015525/1) and is available under the terms of Creative Commons Attribution-NonCommercial- NoDerivs 4.0 Unported License. An earlier version was published in 2017 Journal of Strategic Change (Wiley Strategic Change. 2017;26(5):481

Note in the same blog post there are multiple other models, some of them including decision hints for the type of blockchain (public/private/consortium), but this latter aspect is dealt with in the next stage of the training. The trainer should point to the most relevant of these decision guides depending on the characteristics of the group and type of project and avoid mixing this stage with the next one.

There are two questions at the end of the post that are especially useful and apply to most business cases:

- Is your software fully developed as an open-source software project? NO -> you don't need a blockchain
- Is the governance of the changes to the software decentralized, in the sense of "not controlled by a single or small group of individuals or entities"? NO -> you don't need a blockchain.



RESOURCE 2:

Blockchain questionnaire

On this [website](#) one can find an interactive questionnaire to help you decide if you (well, your business idea!) need a blockchain or not. It is similar to the previous resource but more direct, and you get the results even if you know nothing about the underlying workflow or decision model

OTHER RESOURCES:

Example Guidance

- *Gamified crypto-auction of NFTs*
- *Food traceability chain*
- *Blockchain game*
- *Crypto-insurance protocol*
- *Info and analysis tool for crypto-investment*

*It is possible that at this point, you have clear that your solution requires a blockchain, or maybe not. This requires **a decision to go through a new cycle of this stage** (right box below) or to finalize this and progress to Stage 2 in the group's next meeting. The trainer should not bias the decision on iterate or progress, but any missing elements not discussed that may affect that decision should be raised.*



THE DECISION OF USING BLOCKCHAIN IS CLEAR

- You should not proceed to Stage 2 without proper validation with external stakeholders. These would typically be potential users of your solution, in the different “customer segments”, but can also be experts, mentors, or maybe potential stakeholders or investors.
- The learning goals for the next session is getting input from users!



THE DECISION OF USING BLOCKCHAIN IS UNCLEAR OR DUBIOUS

- Time to pivot the business model!
- Prepare your list of learning goals for the next round of this stage

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momentum
[educate + innovate]




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