Swisscom steps up blockchain activities and establishes new subsidiary

Blockchains are a new form of database. The technology initially acquired renown as the basis for virtual currencies such as bitcoin. Yet in the years to come, it will also revolutionise industry and administration. Swisscom has been researching and testing application scenarios for blockchains since 2015, for instance as a solution for off-exchange trading. In order to push forward the development of blockchain applications in and for Switzerland, Swisscom has now established Swisscom Blockchain Ltd. CEO of the newly founded company is Daniel Haudenschild, who came to Swisscom from EY.

In day-to-day use, online offerings appear to be fully digital – yet the processes operating in the background sometimes work in the very same way as they did 40 years ago and more. Supply chains, payment flows as well as contractual relationships are often complex, slow to change and expensive. Such processes could be streamlined if not everyone involved had to keep their own accounts, but a common database existed to which all were granted access. Blockchains, a special kind of distributed database, can provide this service. Data is stored redundantly with all parties and entered irrevocably on the blockchain.

As Urs Schaeppi, CEO Swisscom, sees it, "blockchain technology has the potential to revolutionise business models and ecosystems in almost all sectors by providing secure connections between all participants. And this is ingrained in Swisscom's DNA: securely connecting people, organisations and objects with highly available infrastructure." The implementation of blockchain initiatives requires a clear understanding of technology, expertise in consulting, development capacity, and secure and reliable infrastructure. Swisscom has now brought all these skills together in Swisscom Blockchain Ltd. The new subsidiary is domiciled in Konradstrasse in Zurich. Swisscom holds a 70% stake and therefore the majority in the company. The remaining 30% is held by the founding partners.

EY consultant team and virtual workshop

As is always the case for revolutionary technology, implementation is crucial. For this reason, Swisscom has brought together specialists in the construction of applications with experts in design and consultation. The consultancy team of Swisscom Blockchain Ltd will be strengthened by a team with experience of blockchain set to join Swisscom Blockchain Ltd at the beginning of October 2017. Previously, the EY team, spearheaded by Daniel Haudenschild, ensured that EY accepted bitcoin as a means of payment and provided all staff, wherever they were in the world, with a virtual bitcoin wallet.

For initial testing, Swisscom also offers developers a virtual workshop and tool: the Blockchain Crypto Infrastructure. On this platform, pilot projects and so-called minimal viable products (MVPs) can be quickly implemented. The same platform can also be deployed for productive solutions on highly available, secure infrastructure, which Swisscom uses for customer banks, for example.

Robert Gebel, Head of Banking & Industries at Swisscom and Chairman of the Board of Directors of Swisscom Blockchain Ltd, stresses: "The combination of consultation, development expertise and blockchain infrastructure is unique in Switzerland up to now."

Solution for commercial register and digital stock

At present, Swisscom is working on projects which open up new roads for decentralised, networked collaboration in the fields of healthcare, insurance and banking. In this vein, Swisscom is also working within the framework of digitalswitzerland on new commercial register prototypes. Another project centres on a form of digital stock that can be traded off-market. Should this cryptoshare solution gain acceptance, it has the potential to open up completely new sources of finance for companies. Together with ZKB and other partners, Swisscom has already implemented the Swiss OTC blockchain, a software prototype of a blockchain-based solution for off-exchange trading. Most of these projects are today realised on Hyperledger Fabric. Since the end of 2016, Swisscom has been a member of the Hyperledger project, a leading worldwide blockchain consortium.

Support for initial coin offerings

Alongside consultation and the implementation of blockchain applications, Swisscom Blockchain Ltd also supports initial coin offerings (ICO), an alternative source of finance for projects and companies that are used increasingly frequently. In essence, they work in a similar way to the classic initial public offering (IPO). But instead of Swiss francs or euros, the company receives virtual currency such as bitcoin or ether. In

return, investors receive tradable coins which entitled them to participate in future income or use services. Thanks to its secure and reliable environment, Switzerland offers promising opportunities in this field. Given its IT expertise and together with its specialised partners in the financial and legal sectors, Swisscom is in a position to make an important contribution to the secure settlement of transactions.

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