

The background features a dark blue gradient with a complex, glowing wireframe mesh structure. The mesh consists of interconnected points and lines, creating a sense of depth and movement, resembling a digital or network-like pattern. The overall aesthetic is modern and technological.

Blockchain in the Enterprise

Crafting a Successful Governance Strategy

MEET THE SPEAKERS



THOMAS B. COX
CHIEF GOVERNANCE OFFICER



NICKI POWERS
DIRECTOR OF MARKETING





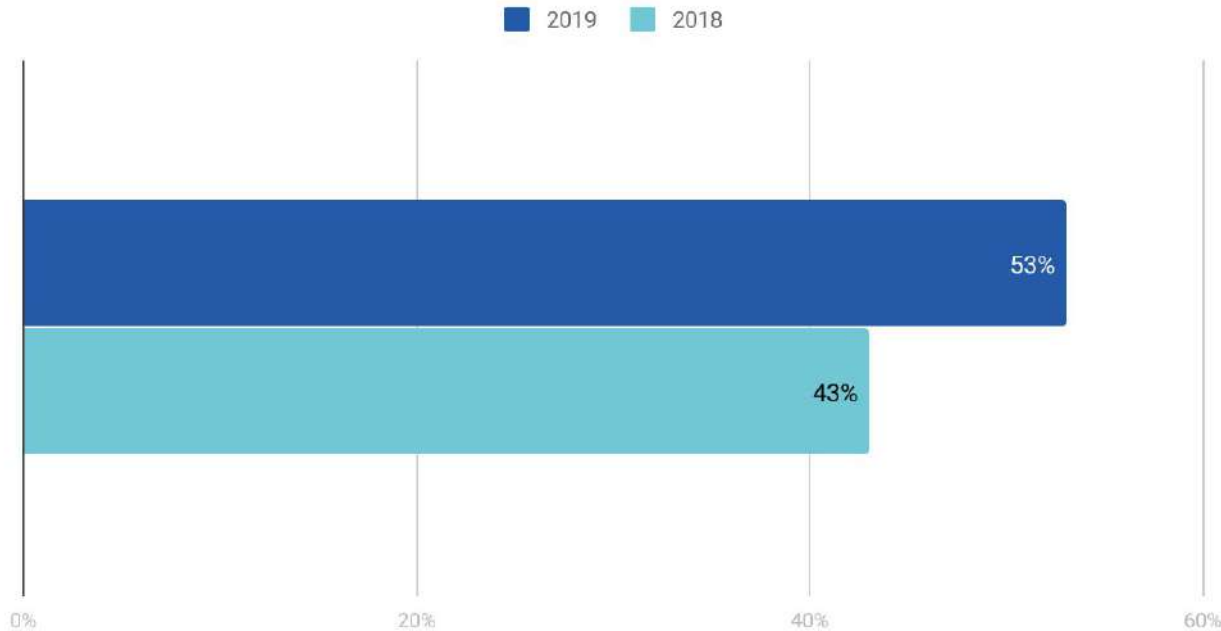
“The **single biggest barrier** to convening cross-industry blockchain networks enabling them to scale is **governance**. You cannot scale without governance.”

— Stephen J. Rogers, Vice President Blockchain Initiatives for Supply Chain, IBM

Survey question: Which of the following best describes how you currently view the relevance of blockchain to your organization or project in the coming 24 months?



It will be critical, in our top five strategic priorities



Scalability

How much can you grow without sacrificing efficiency?

Security

How can we protect sensitive or proprietary information?

Interoperability

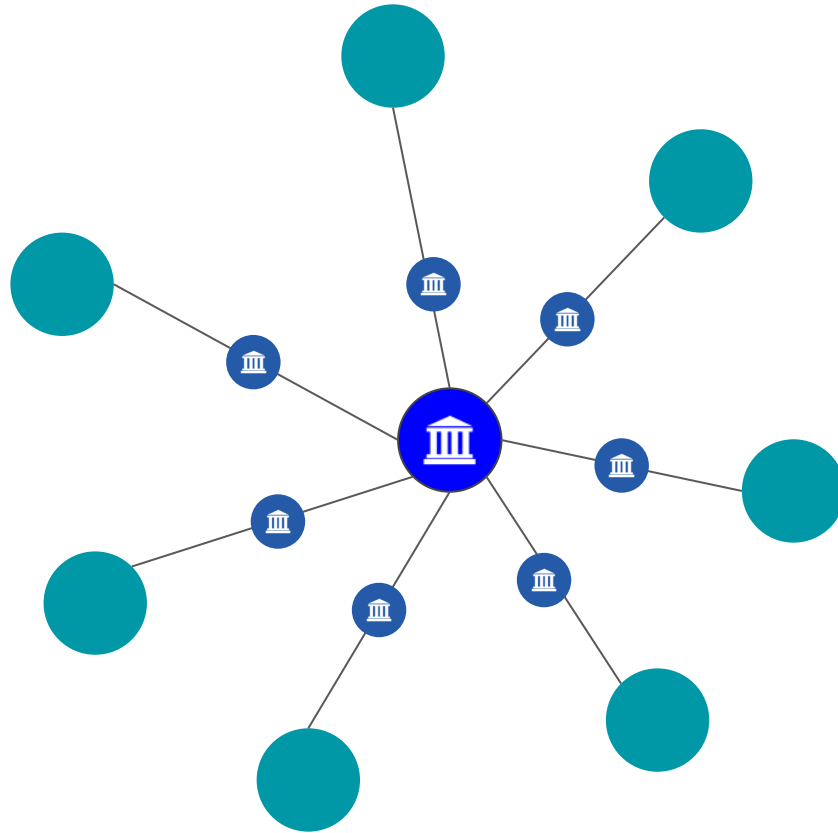
How can we share information across chains if standards are mismatched?

Agenda



- What is blockchain governance and why is it important?
- What does distributed and transparent governance look like, and how is it different from governance in traditional transactions?
- How can your enterprise design blockchain solutions that align with the regulatory and fiduciary interests and obligations of participants?
- What should you look for in a blockchain platform and how do you select the right one?

What is governance?

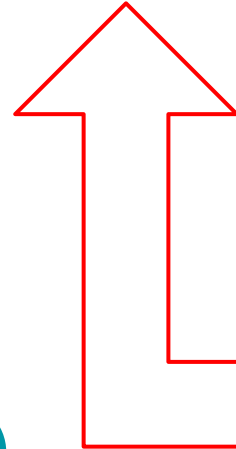
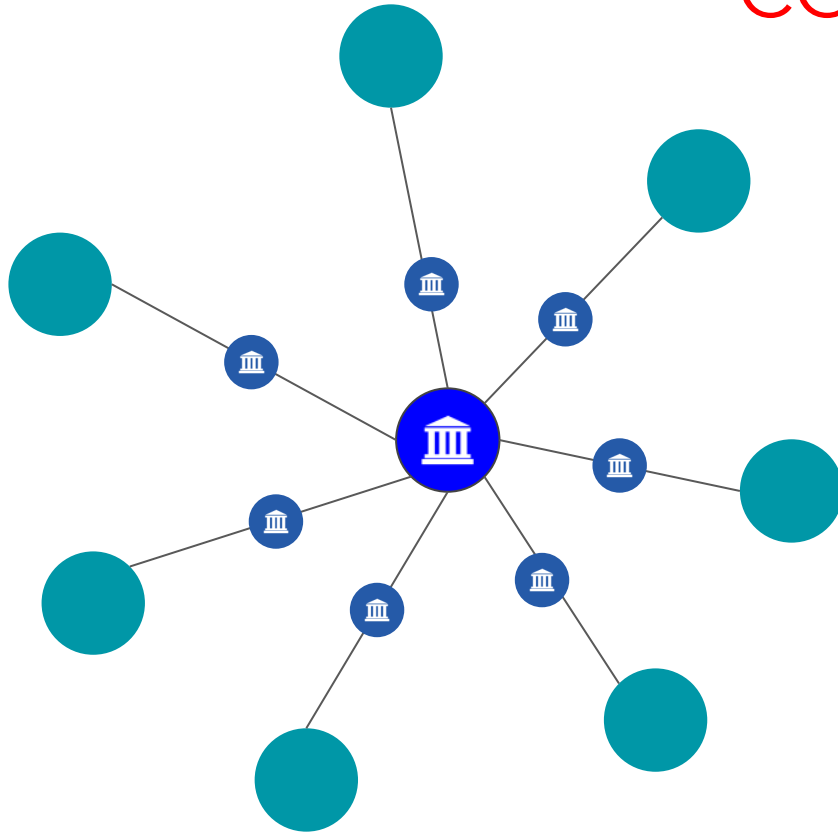


LEGEND

- Information
- SOX-Compliant Companies
- Auditors
- Source of Truth
- 🏛️ Governance

What is governance?

CONSENSUS

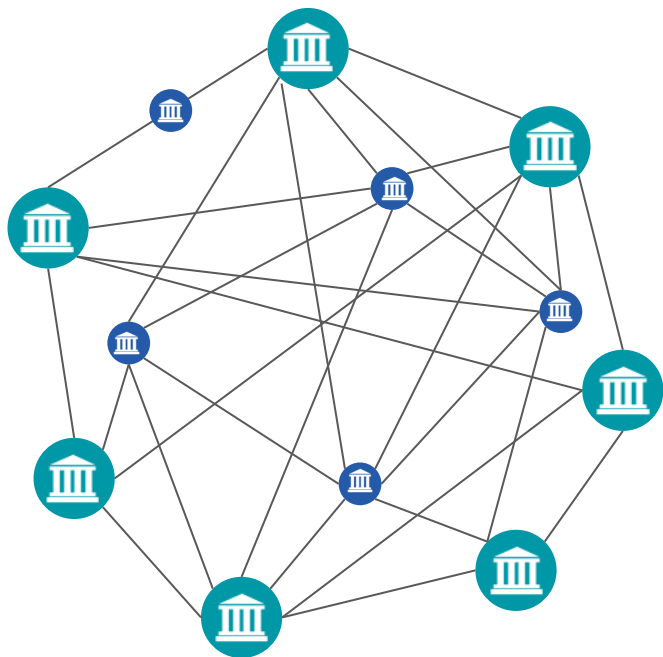


LEGEND	
—	Information
●	SOX-Compliant Companies
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🏛️	Governance

Blockchain Consensus vs. Governance



- ▶ Consensus
 - ▶ The process by which group members develop and agree to support a decision in the best interest of the whole
- ▶ Governance
 - ▶ The mechanisms of deciding, enforcing decisions, and tweaking the decision-making rules
 - ▶ Goals should include to eliminate arbitrary, corrupt, or inconsistent enforcement of rules



Why do blockchain systems need governance?

Because they are decentralized...

There is nobody in charge.



Thomas B. Cox

CGO at StrongBlock

Chair of IEEE SA's P2418.6 subgroup on governance in medical blockchain

Formerly Oracle, PwC, IBM

Led governance design for EOS

The Godfather of
Blockchain Governance





What Needs to be Governed on a Blockchain? Lots.


- Data definitions & changes & additions
- Upgrades, bug fixes
- Replacing lost keys (where supported)
- Inserting “correcting transactions” (where supported)
- Onboarding and off-boarding organizations
- Committees for
 - Steering and Change Management
 - Functional and Technical WGs

STRONGBLOCK GOVERNANCE SUITE


Decide


On-chain Voting  ALPHA


Collect Signatures  BETA

Making up Your Own Mind 


Tally Votes  ALPHA


Enforce Voting Periods  ALPHA

Debating, Campaigning 

Social Norms 


Implement

Register and Unregister Voters 


Log-Rolling, Side Payments 


Planning & Coordination 


Auto-executing Code for Upgrades 

Automated Dispute Resolution 

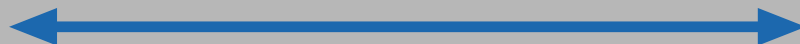
Amend

Governance Code Changes 

Negotiating 

Writing Amendments 

more automated



less automated



Steps to Build Governance

1. Identify the Founding Stakeholders
2. Set a Purpose for the new blockchain system
3. Define scope for governance (vs operational processes)
4. Define the target Stakeholders and their interests
5. Define governance Powers, Processes, and Institutions
6. Set up the governance Mechanisms and Code



Typical Structures for Governance

- Steering committee
- Change Management committee
- Functional WG
- Technical WG

Plus offices or functions for

- Inspection, Dispute Resolution, and Sanctions



Key Governance Documents

- Constitution or Charter or Consortium Agreement
- Emergency Protocol
- Rules of Good Conduct
- Dispute Resolution Method



Governance Legitimacy

All modern governance structures and/or agents require a belief by the governed that a governance structure or agent is

- Addressing key needs of the system
- Staying within norms

Legitimacy can be Traditional (kings and queens, the Pope), Charismatic (Napoleon, Vitalik), and/or Rational-Legal (consent of the governed, following agreed processes)



Governance Legitimacy

Without a (subjective) belief by users in the legitimacy of the governance process and institutions, belief in the blockchain project will collapse and the project will fail.

Therefore:

- Invest in, and safeguard, legitimacy.
- Require users to use the governance tools. Manufacture a small crisis if needed.



What Blockchain Governance Standards Exist?



Blockchain Standards: IEEE

1. The IEEE Standards Association is creating multiple blockchain standards (Energy, Consumer Products, Healthcare, Logistics)
 - a. None of the main standards addresses governance specifically
 - i. Except P2418.6's subgroup on governance which I chair
2. A new group P2145 is proposed to create a standard for blockchain governance
 - a. First meeting was 14-Nov-2019