Quick Start for Blockchain Investing

A blockchain is simply a database with three special properties:

* Everyone holds a copy of the database
* Anyone can add to the database
* No one can change data in the database

Utilizing these three simple properties, many things can be achieved. For instance, Bitcoin is a digital currency that stores all transactions on a blockchain. Anyone can make a purchase by publishing a transaction to the chain. Everyone sees the transaction, including the merchant, who then transfers the goods. And the transaction can never be erased, even by the issuer, which gives the currency the security it needs to be viable. Currency is just an example of the potential of this technology.

The other big piece of the potential for this technology is known as mining. This is the process of computers around the world holding a copy of a blockchain and ensuring its validity. For instance, Bitcoin miners verify that all transactions are cryptographically signed and that transactions are not trying to spend the same money twice. The miners perform these tasks in exchange for payment. This means that a running blockchain has access to a vast array of computer power to enforce arbitrary rules. This is already being used for systems like company voting and ranking of social media posts. Unlike traditional systems, there is no need to trust a central authority, because as long as a majority of the miners are honest, the data is secure and accurate.

Combining the power of mining and the blockchain, this technology has the power to decentralize most systems in the modern world. Just as bitcoin is a stateless currency, this technology could create lending without banks, websites without servers, contracts without lawyers or courts, and more. In fact, many of these technologies already exist or are being developed right now.