**Department of OM&IS**

**Course name: Digital Transformation Strategies (OMIS 697)**

**Case Study 2 (CS2)**

**Deutsche Bank: Pursuing Blockchain Opportunities**

**Deutsche Bank and the Digital Transformation of Deutsche Bank Implementing Blockchain - A Case Analysis**

Companies have been searching for ways to increase profits, decrease expenses, speed up procedures, and lessen the likelihood of mistakes as long as there has been a thriving commercial sector in any society (Tapscott & Tapscott, 2018). It has been widely speculated that blockchain technology will be the next big thing in the business world. Blockchain technology is seen by many businesses, organizations, and institutions across a variety of sectors as the means to future-proof their operations in terms of speed, efficiency, accuracy, and accessibility. Deutsche Bank has opted to invest in digital technology at the outset of the 2015 fiscal year in an effort to increase market share and solidify the bank's position in the industry. Following this, it was determined to do more focused, systematic research into the potential of blockchain technology for future growth and prosperity. The company's first goal was to raise public knowledge as to whether or not other financial institutions have investigated this technology. In response, the firm has begun publishing a series of blogs on social media platforms, in which it explains and discusses hypothetical future scenarios involving the use of technology to the financial ecosystem. As a result, the firm has attracted attention from a sizable number of customers all around the world.

**Questions**

1. **In what ways might Blockchain technology be applied to businesses and other sectors to improve outcomes?**

Blockchain is a distributed ledger that records transactions digitally across a large network of users in such a way that any user may verify the accuracy of the ledger. Making it possible for parties who do not know each other to conduct business in a safe and reliable manner, it revolutionizes the financial system. This new payment system has less transaction fees because of how it handles financial transactions (Kar, 2022). It's useful for keeping up with the ever-shifting requirements associated with emerging technologies and fashions. The term refers to a transition in the financial sector. This technology would eliminate the need for a middleman in financial transactions, which would increase their speed and efficiency. When applied to Bitcoin, the ledger's blockchain record can only be altered with the agreement of the network's vast majority of users, and once added to, data in the ledger cannot be removed. Some additional benefits are as follows:

* Innovative methods that utilize cryptocurrencies to assist the millions of individuals across the world who do not have access to traditional banking services.
* Faster business dealings.
* Blockchain is a digital ledger that allows users to "write once" and "add many."
* The transfer of ownership onto digitally accessible and secure rails of all parties involved would alter day-to-day operations, allowing for a greater degree of automation.

1. **How did the management at Deutsche Bank prepare the groundwork for Blockchain's commercialization? Which significant choices did they make?**

They shared several posts on their company blog network that provided examples of blockchain use cases and elaborated on the technology. Among the other actions they took were:

* Workshops were hosted.
* Blockchain project implementation
* Blockchain technology has the potential to enhance and support the current business lifecycle, which has been tested in a hypothetical setting.
* The goal for 1 billion of Deutsche Bank's budget was to be used on chances including facilitating with clients through remote advising channels.
* Realizing platform savings via digital and automated procedures Boosting processing efficiency
* Verifying and analyzing blockchain's effect on the bank's staple offerings
* Predicting the areas of greatest interest to customers

1. **Crucial factors should be weighed?**

In order to better test their assumptions, they should keep doing seminars and experiments to spread the word about blockchains, like:

* For example: "Can the distributed ledger idea be used to transfer ownership of a financial asset that is not bitcoin with certainty and finality?
* Can the legal standing of that financial asset be codified in computer code as a Smart Contract, with the resolution of any legal dispute depending on the way the Smart Contract's code runs on a decentralized network?
* Is it possible to have a smart contract carry out the operations necessary to complete a financial asset's lifecycle?

To prepare for pushing blockchains onto their market, businesses should first adopt the procedures internally, giving their staff a chance to try them out and learn how they work so that they can then educate the market. The ability to scale of blockchain applications is hindered by the absence of universal standards and explicit laws. However, efforts are underway to address this problem in places where there is a high level of interest and dedication (Ante & Fiedler, 2020). If there is a dominating actor or government body that can impose legal standing on standards, then setting them up is quite simple. Currently, blockchain's use is constrained by the technology's relative immaturity. Blockchain technology may save eight of the world's ten top investment banks an average of 30% on their infrastructure expenditures. The ledger's data is ubiquitous and permanent, resulting in a trustworthy "transaction cloud" in which lost or tampered with transaction data is extremely costly to achieve technically for any of the participants. Permissioned distributed ledgers may present a substantial opportunity for banks to boost efficiency, enhance regulatory control, and do away with unneeded middlemen by settling currency, equities, and fixed income trades virtually instantly.

1. **ShouldDeutsche Bank seize the chance presented by the newly formed Consortium?**

Given that the blockchain technology is still in its infancy and fraught with unknowns, they should allow other institutions to implement it first so they can observe its effects and determine whether or not it is worth pursuing. If the bank is serious about being progressive, it will hold off on adopting the technology until it has garnered more attention from other major corporations and seen improved adoption rates. The bank may generate revenue by bringing blockchain to the attention of businesses and winning them over as supporters of the technology. The bank must also establish Deutsche Bank laboratories and utilize them in order to maintain the appropriate networks' state of being current and knowledgeable. These laboratories will be used to disseminate data and knowledge along the platform to the appropriate networks. They would have to provide an assurance that any data that was transferred between the two databases was kept secure.

**Summary:**

When Deutsche Bank made the decision to introduce the idea of blockchain to the company's operations, they immediately began a process of change management, regardless of whether or not they were aware of this fact at the time. Rhomaios Ram, the Global Head of Product Management, Paul Maley, the Head of Debt Market Structure, Global Markets (GM), and Edward Budd, the Chief Digital Officer, are credited by Applegate, Beck, and Muller-Block (2017) with being the driving forces behind the implementation of blockchain technology at Deutsche Bank. When a company first decided to move toward implementing blockchain technology, the first step was to raise awareness within the company about what blockchain technology is and how it works. By publishing a series of educational discussion blogs on Deutsche Bank's internal social media platform and co-hosting a distributed ledger workshop, Ram and Maley were able to find individuals who had a self-sustained interest in blockchain technology and were willing to share their knowledge with others. According to what is mentioned on page 4, the (Applegate, Beck, & Muller-Block, 2017). Nick Doddy, who oversees all the organization's technological endeavor’s and business operations, is a huge supporter. As advocates such as "Nick Doddy" began to emerge, Deutsche Bank was beginning to move along the ADKAR change management spectrum from the "awareness" to the "want" position. Because of the enthusiasts' unwavering commitment to integrating blockchain technology into all of Deutsche Bank's business processes, they were able to identify several key components that had been absent up until that point. Nick Doddy "understood there were portions of the organization that needed to be pulled into this new community" for the team to be able to make additional headway (Applegate, Beck, & Muller-Block, 2017, p. 4). Nick came to the realization that this was necessary in order to defuse the inevitable conflict that they would be facing. It was time for Ram and Maley to educate themselves on the subject after they had obtained the buy-in and motivation of the organization as well as the foresight to implement an approach to resistance management. Because of the assistance provided by Henry Ritchotte, COO, and Jon Pearson, head of Deutsche Bank Labs, Ram and Maley were able to obtain the resources and a location necessary to carry out proof-of-concept (POC) trials. The objective of the test was to determine whether it would be possible to issue a corporate bond utilizing a smart contract that was made possible by encrypted transactions on a blockchain (Applegate, Beck & Muller-Block, 2017, p. 6). This proof-of-concept demonstrated that it was possible to issue corporate bonds digitally. [Citation needed] It seems like everything went smoothly during the trial. Applegate, Beck, and Muller-Block (2017) have now completed their overview of Deutsche Bank's efforts to adopt blockchain technology and have reached this point.

**References:**

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