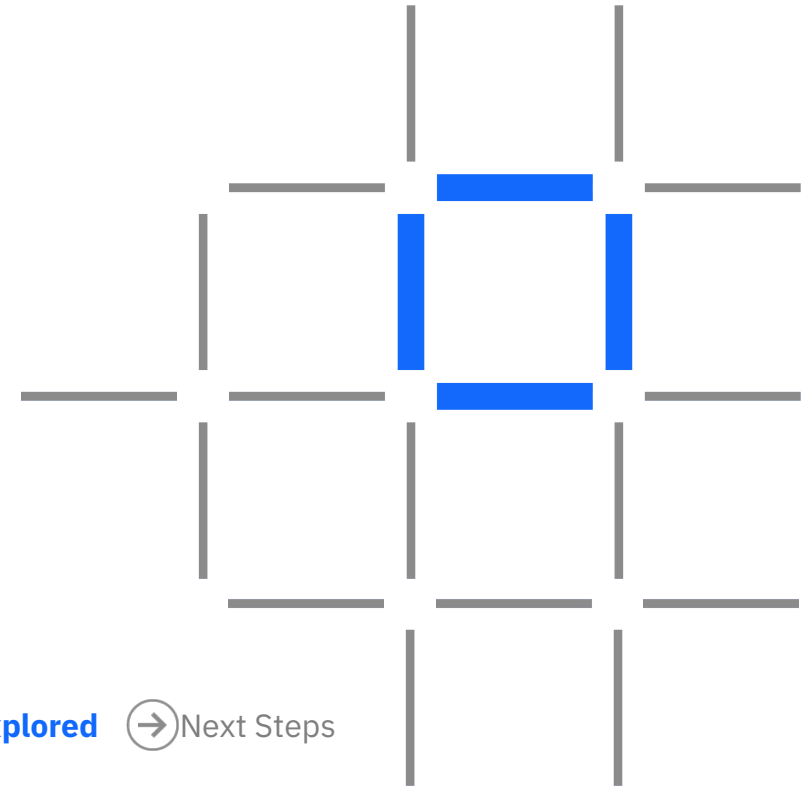
Blockchain Explored

A Technical Deep-Dive on Hyperledger Fabric V1

IBM **Blockchain**



Blockchain education series

Explained Solutions Composed Architected **Explored** Next Steps

V4.0, 23 August 2017

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Contents

Project Status and Roadmap

Technical Deep Dive

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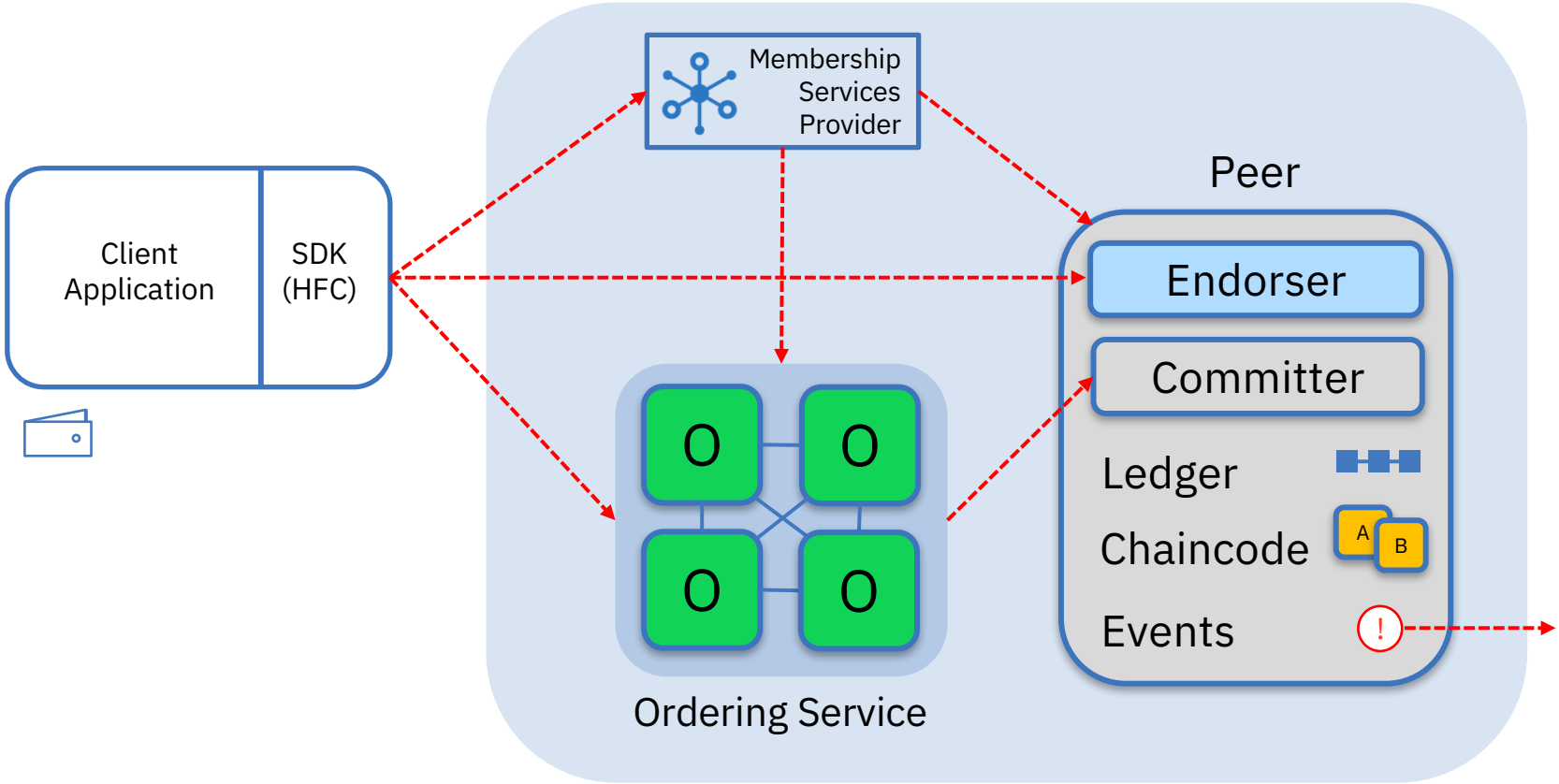
What is Hyperledger Fabric

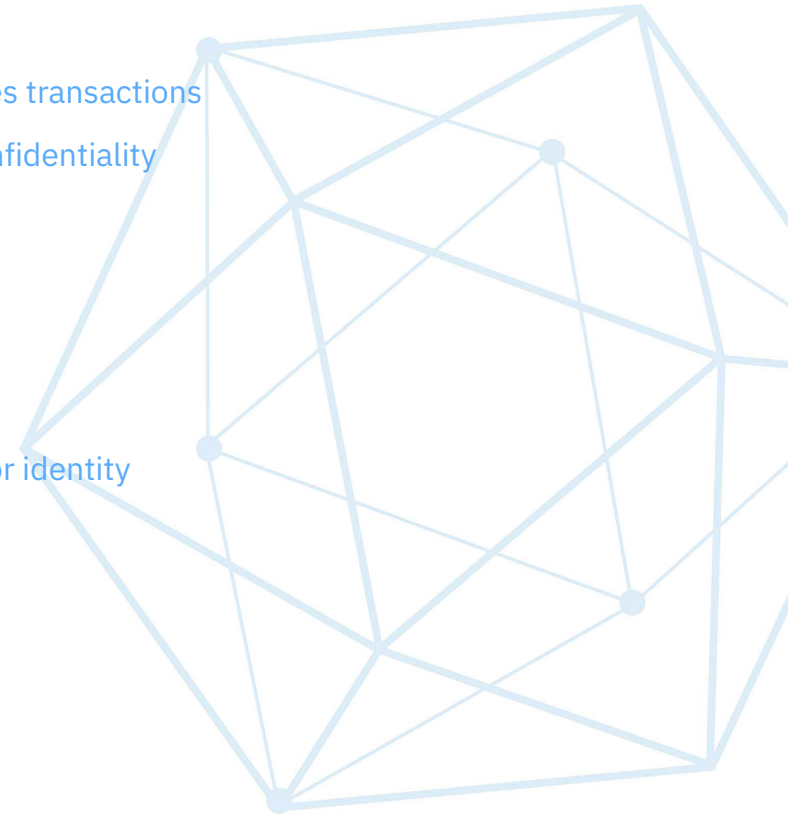
- Linux Foundation Hyperledger
  - A collaborative effort created to advance cross-industry blockchain technologies for business
- Hyperledger Fabric
  - An implementation of blockchain technology that is intended as a foundation for developing blockchain applications
  - Key technical features:
    - A shared ledger and smart contracts implemented as “chaincode”
    - Privacy and permissioning through membership services
    - Modular architecture and flexible hosting options
- V1.0 released July 2017: contributions by 159 engineers from 27 organizations
  - IBM is one contributor to Hyperledger Fabric

Hyperledger Fabric V1 Architecture



Overview of Hyperledger Fabric v1 – Design Goals

- Better reflect business processes by specifying who endorses transactions
- Support broader regulatory requirements for privacy and confidentiality
- Scale the number of participants and transaction throughput
- Eliminate non deterministic transactions
- Support rich data queries of the ledger
- Dynamically upgrade the network and chaincode
- Support for multiple credential and cryptographic services for identity
- Support for ”bring your own identity”



Contents

Project Status and Roadmap

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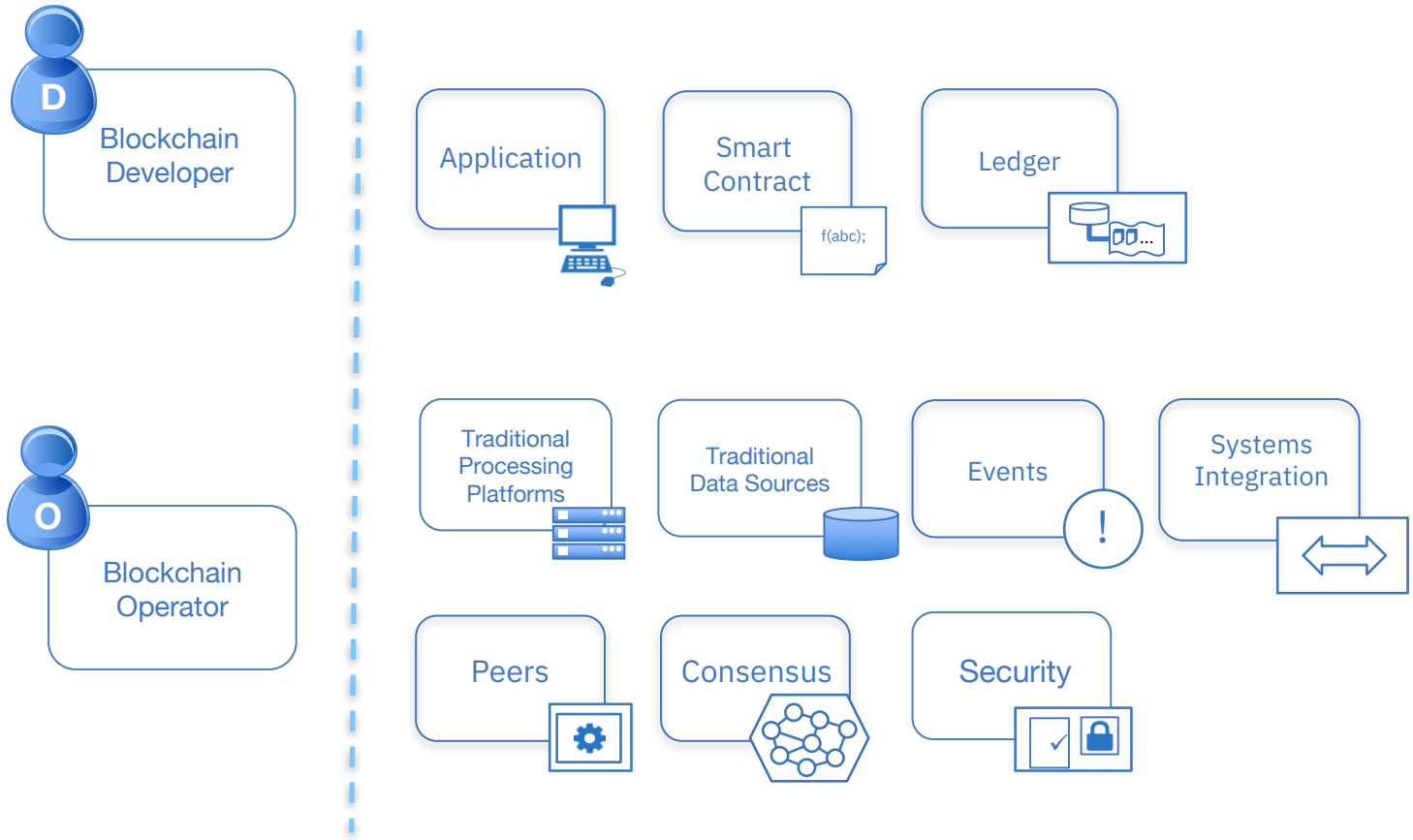
Recall key blockchain concepts



Hyperledger Fabric V1 - Deep Dive Topics

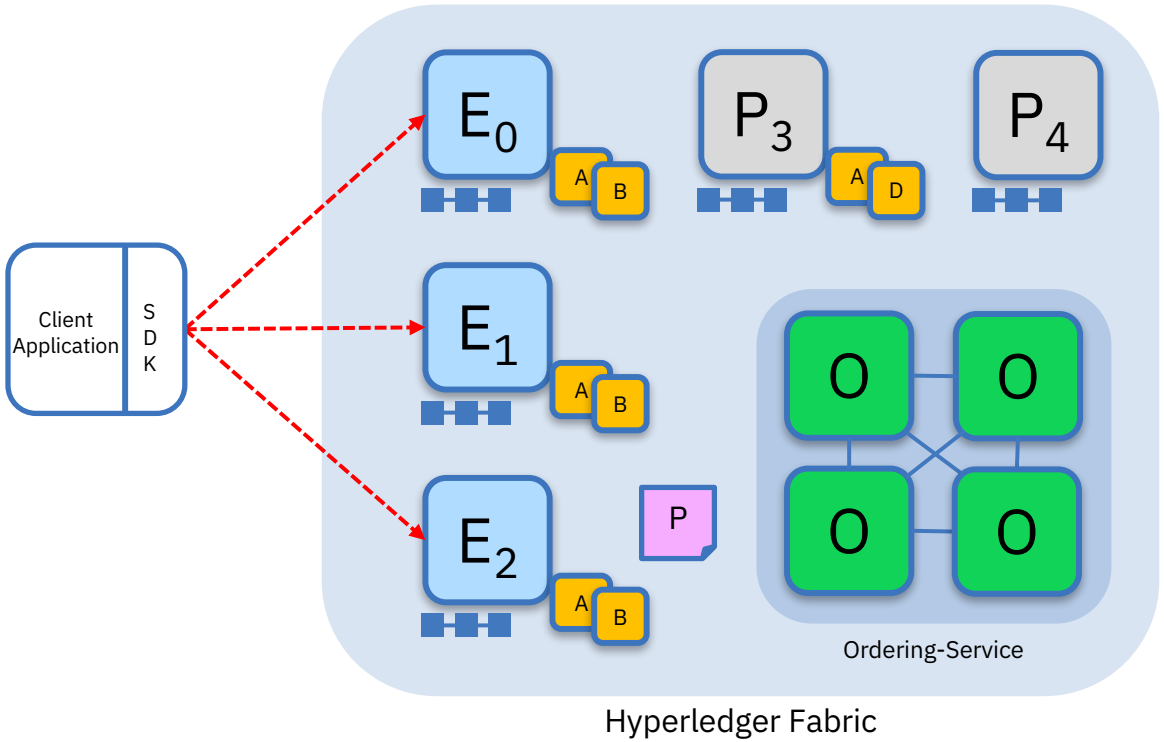
- Network Consensus
- Channels and Ordering Service
- Network setup
- Endorsement Policies
- Permissioned ledger access
- Pluggable world-state

Network Consensus

Nodes and roles

	Committing Peer: Maintains ledger and state. Commits transactions. May hold smart contract (chaincode).
	Endorsing Peer: Specialized committing peer that receives a transaction proposal for endorsement, responds granting or denying endorsement. Must hold smart contract
	Ordering Nodes (service): Approves the inclusion of transaction blocks into the ledger and communicates with committing and endorsing peer nodes. Does not hold smart contract. Does not hold ledger.

Sample transaction: Step 1/7 – Propose transaction

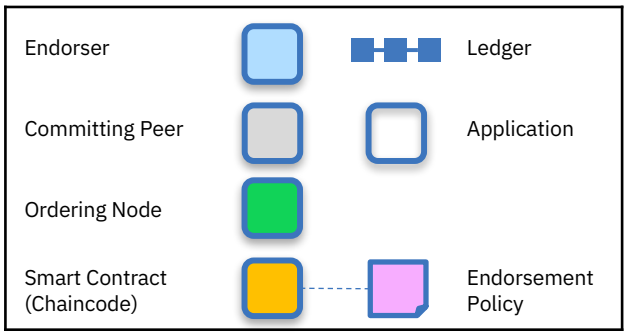


Application proposes transaction

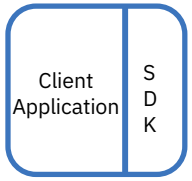
Endorsement policy:
- "E_0, E_1 and E_2 must sign"
- (P_3, P_4 are not part of the policy)

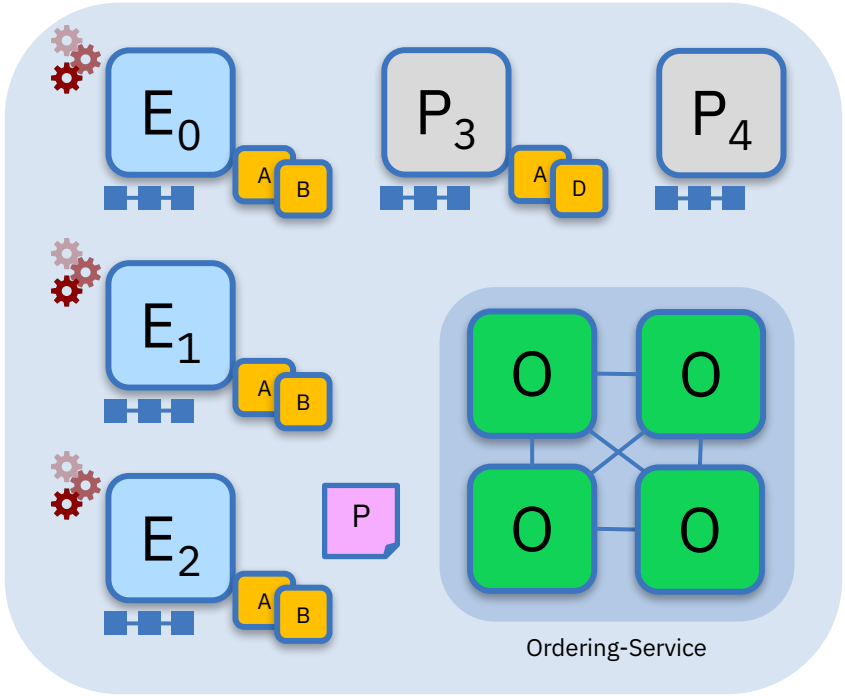
Client application submits a transaction proposal for Smart Contract A. It must target the required peers {E_0, E_1, E_2}

Key:



Sample transaction: Step 2/7 – Execute proposal





Hyperledger Fabric

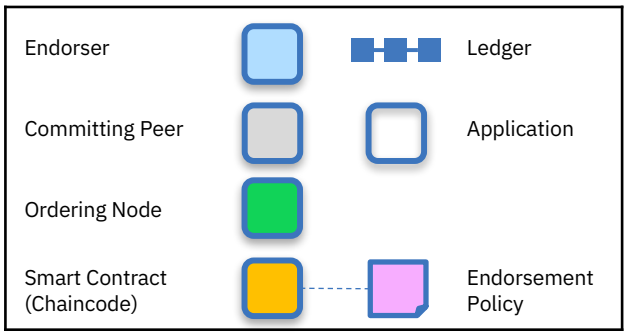
Endorsers Execute Proposals

E_0, E_1 & E_2 will each execute the proposed transaction. None of these executions will update the ledger

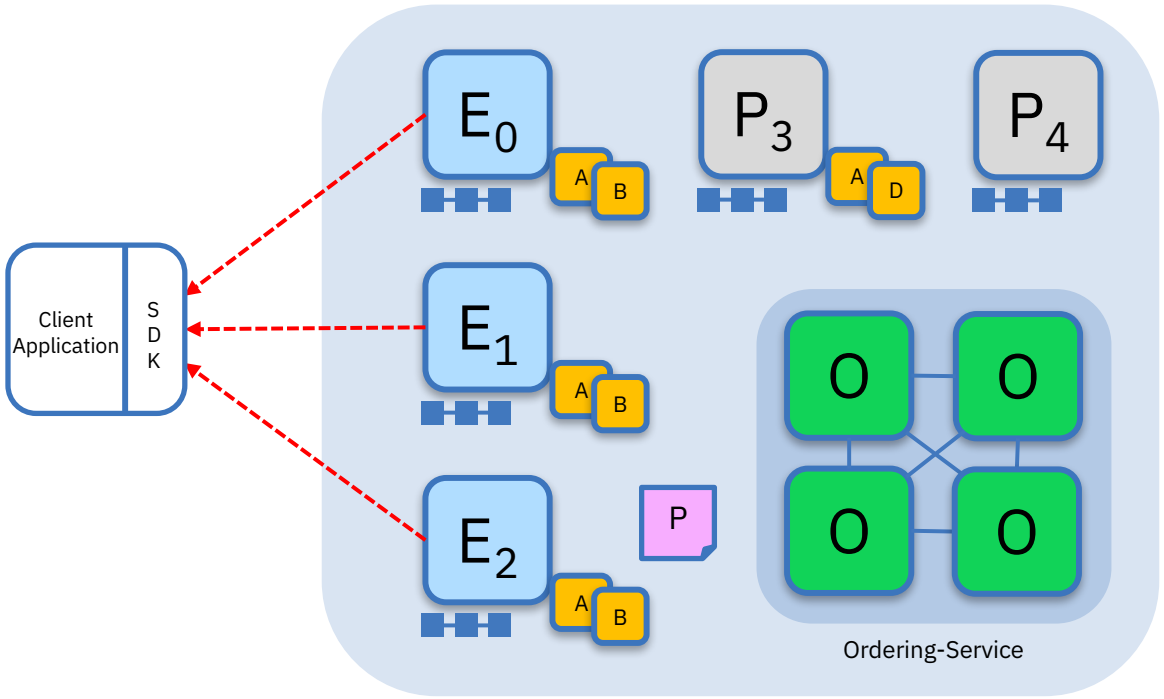
Each execution will capture the set of Read and Written data, called RW sets, which will now flow in the fabric.

Transactions can be signed & encrypted

Key:



Sample transaction: Step 3/7 – Proposal Response



Hyperledger Fabric

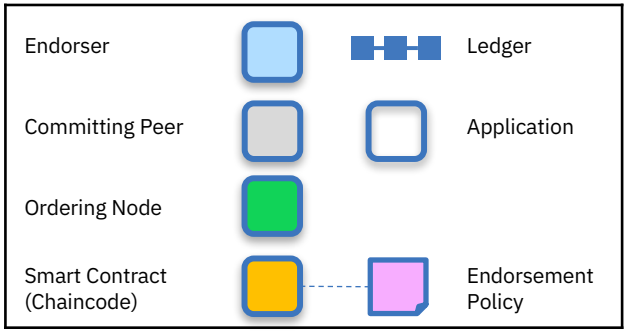
Application receives responses

RW sets are asynchronously returned to application

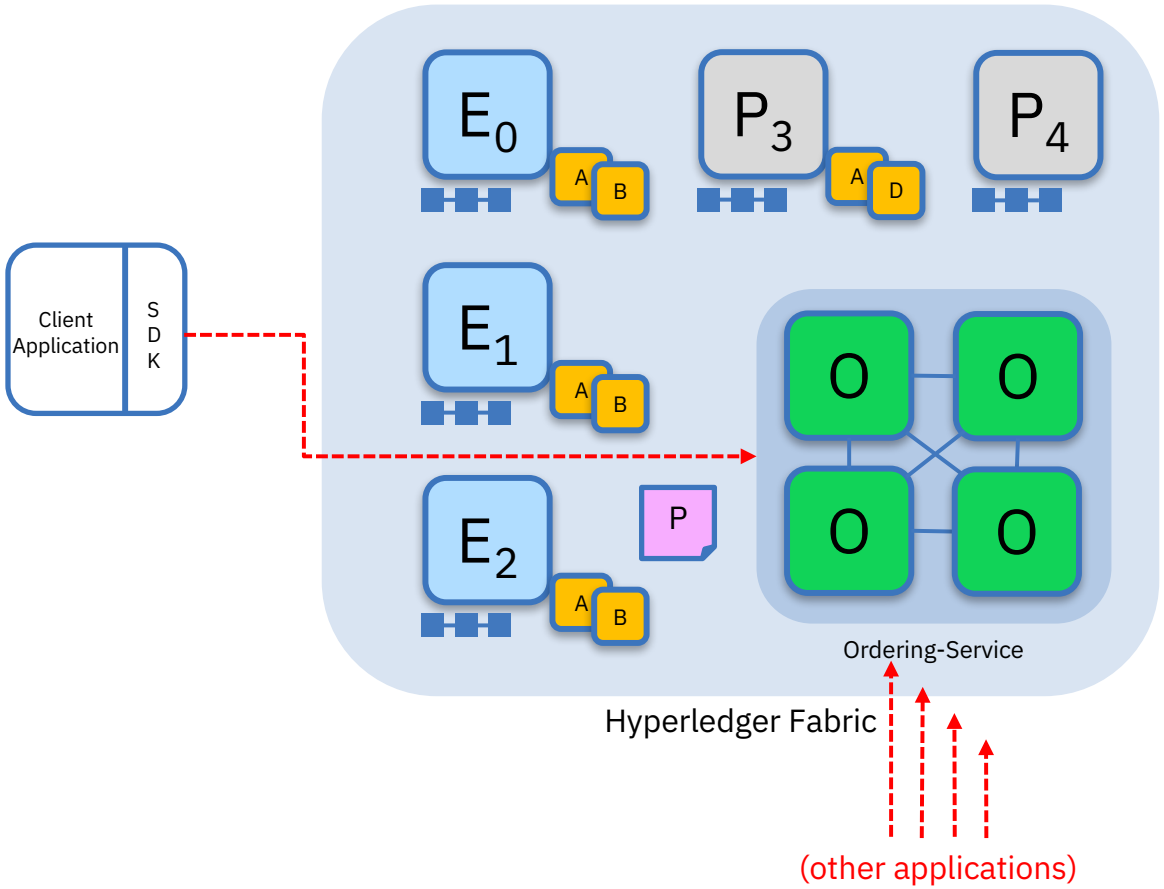
The RW sets are signed by each endorser, and also includes each record version number

(This information will be checked much later in the consensus process)

Key:



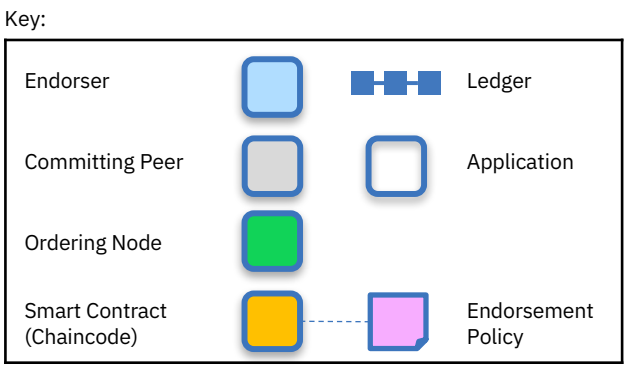
Sample transaction: Step 4/7 – Order Transaction



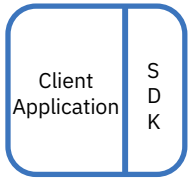
Application submits responses for ordering

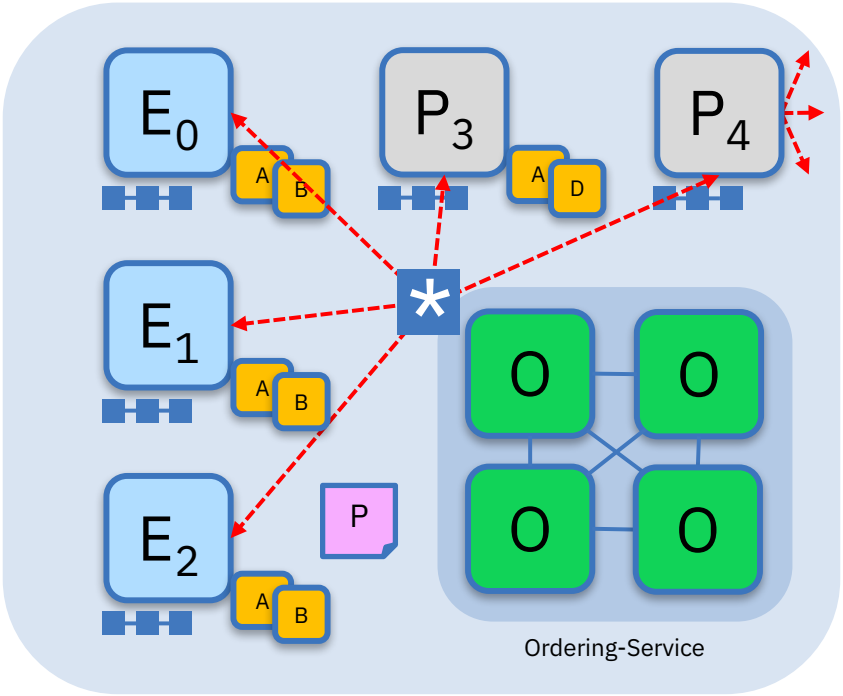
Application submits responses as a transaction to be ordered.

Ordering happens across the fabric in parallel with transactions submitted by other applications



Sample transaction: Step 5/7 – Deliver Transaction





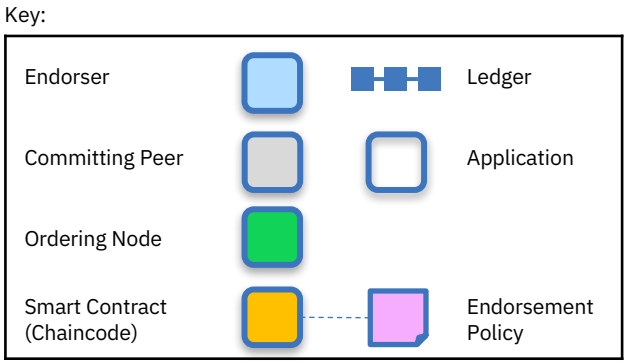
Hyperledger Fabric

Orderer delivers to all committing peers

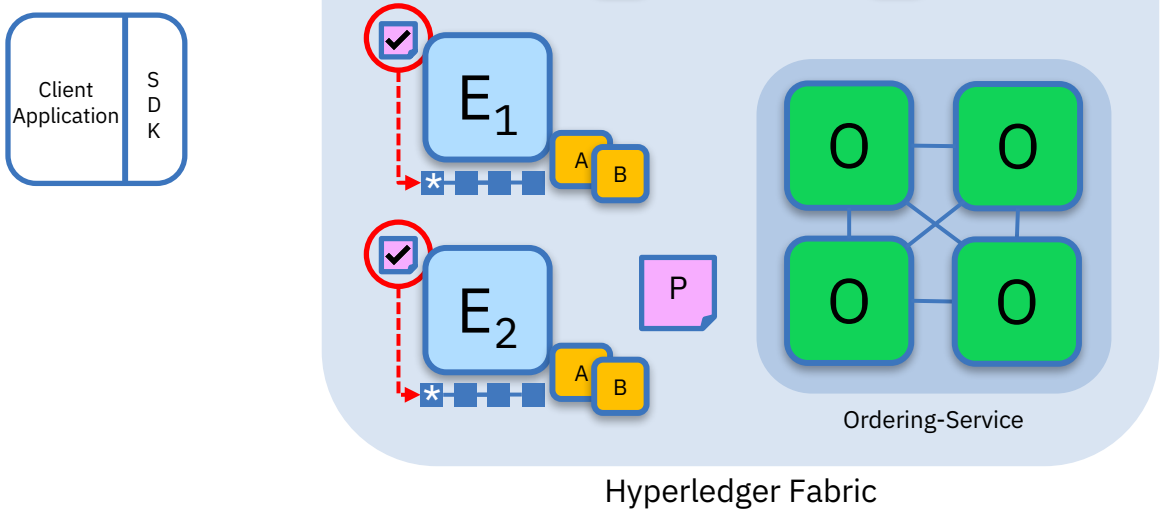
Ordering service collects transactions into proposed blocks for distribution to committing peers. Peers can deliver to other peers in a hierarchy (not shown)

Different ordering algorithms available:

- SOLO (Single node, development)
- Kafka (Crash fault tolerance)



Sample transaction: Step 6/7 – Validate Transaction



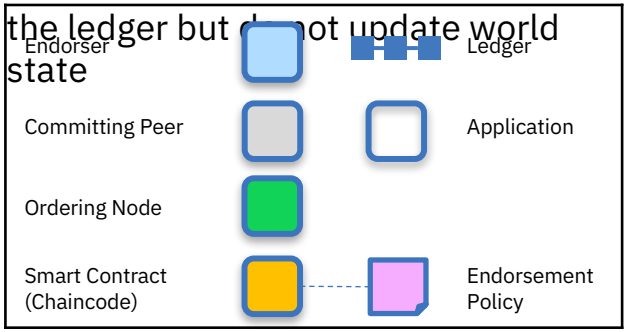
Hyperledger Fabric

Committing peers validate transactions

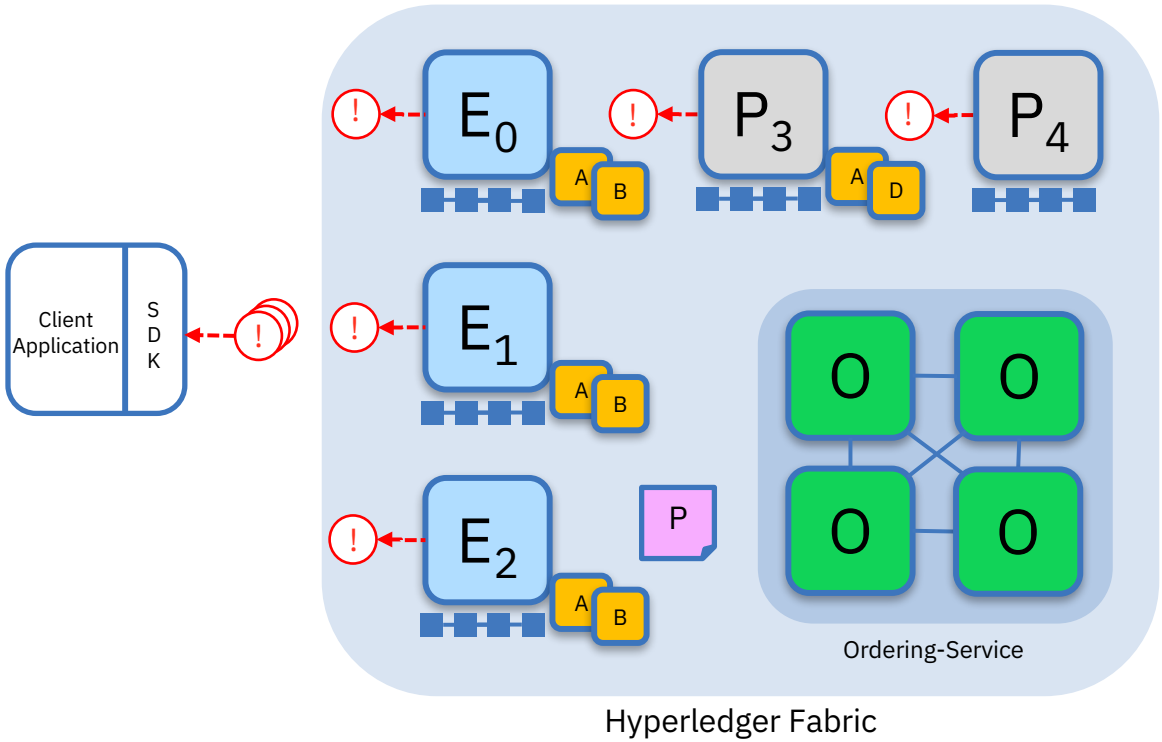
Every committing peer validates against the endorsement policy. Also check RW sets are still valid for current world state

Validated transactions are applied to the world state and retained on the ledger

Invalid transactions are also retained on the ledger but do not update world state



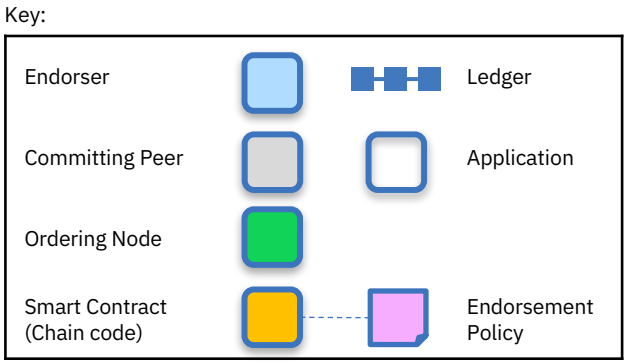
Sample transaction: Step 7/7 – Notify Transaction



Committing peers notify applications

Applications can register to be notified when transactions succeed or fail, and when blocks are added to the ledger

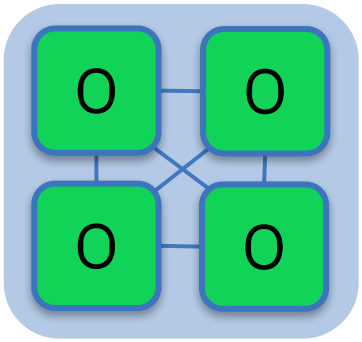
Applications will be notified by each peer to which they are connected



Channels and Ordering Service

Ordering Service

The ordering service packages transactions into blocks to be delivered to peers. Communication with the service is via channels.



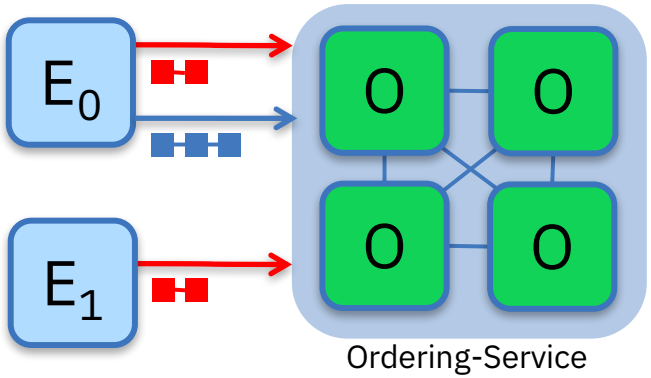
Ordering-Service

Different configuration options for the ordering service include:

- SOLO
  - Single node for development
- Kafka : Crash fault tolerant consensus
  - 3 nodes minimum
  - Odd number of nodes recommended

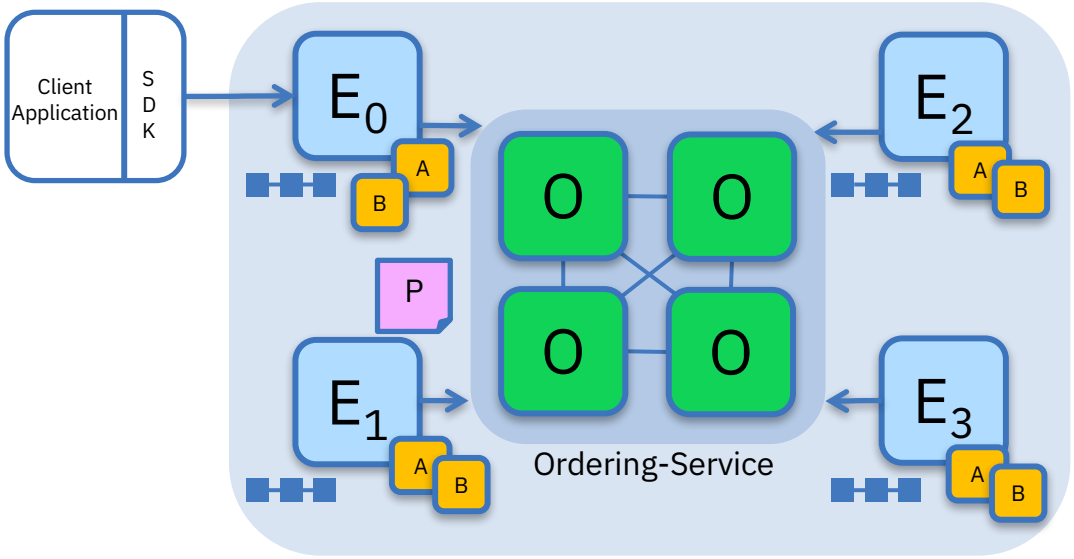
Channels

Separate channels isolate transactions on different ledgers

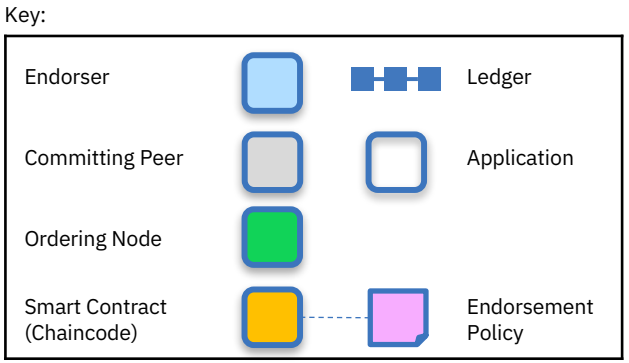


- Chaincode is installed on peers that need to access the worldstate
- Chaincode is instantiated on specific channels for specific peers
- Ledgers exist in the scope of a channel
  - Ledgers can be shared across an entire network of peers
  - Ledgers can be included only on a specific set of participants
- Peers can participate in multiple channels
- Concurrent execution for performance and scalability

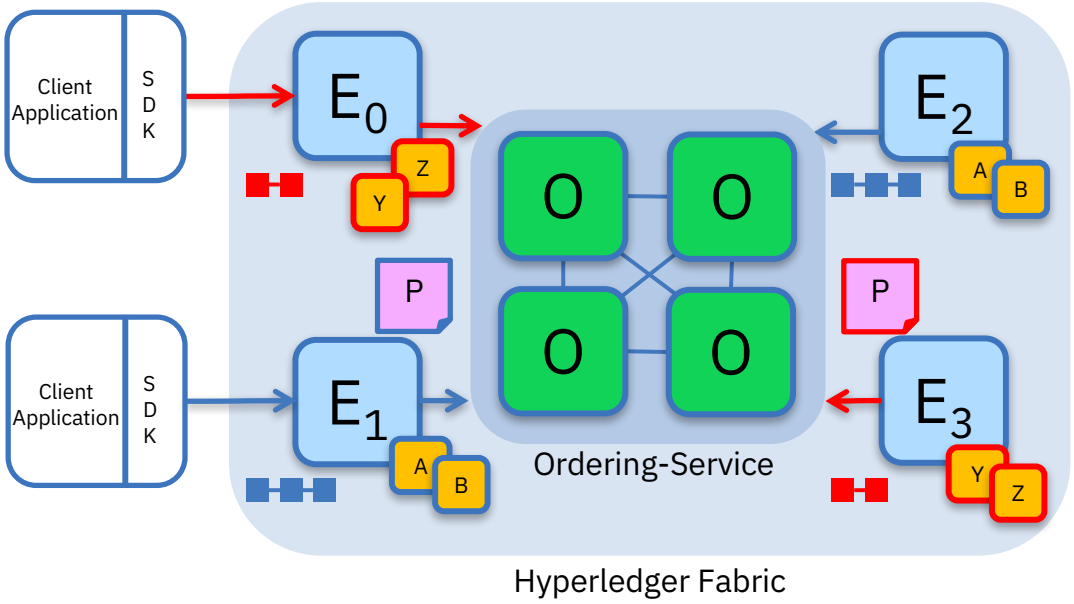
Single Channel Network



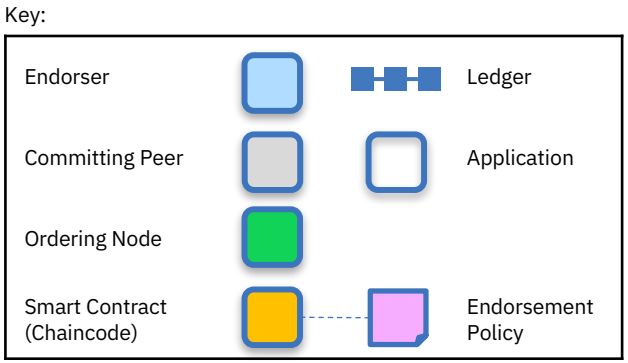
- Similar to v0.6 PBFT model
- All peers connect to the same system channel (blue).
- All peers have the same chaincode and maintain the same ledger
- Endorsement by peers E_0, E_1, E_2 and E_3



Multi Channel Network

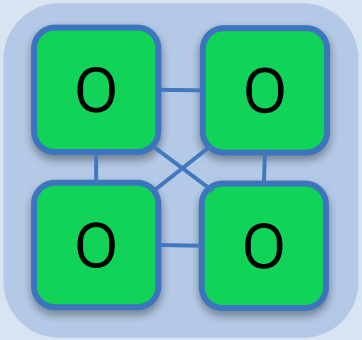


- Peers E_0 and E_3 connect to the red channel for chaincodes Y and Z
- Peers E_1 and E_2 connect to the blue channel for chaincodes A and B



Network Setup

Bootstrapping the Network (1/6) – Configure & start Ordering Service

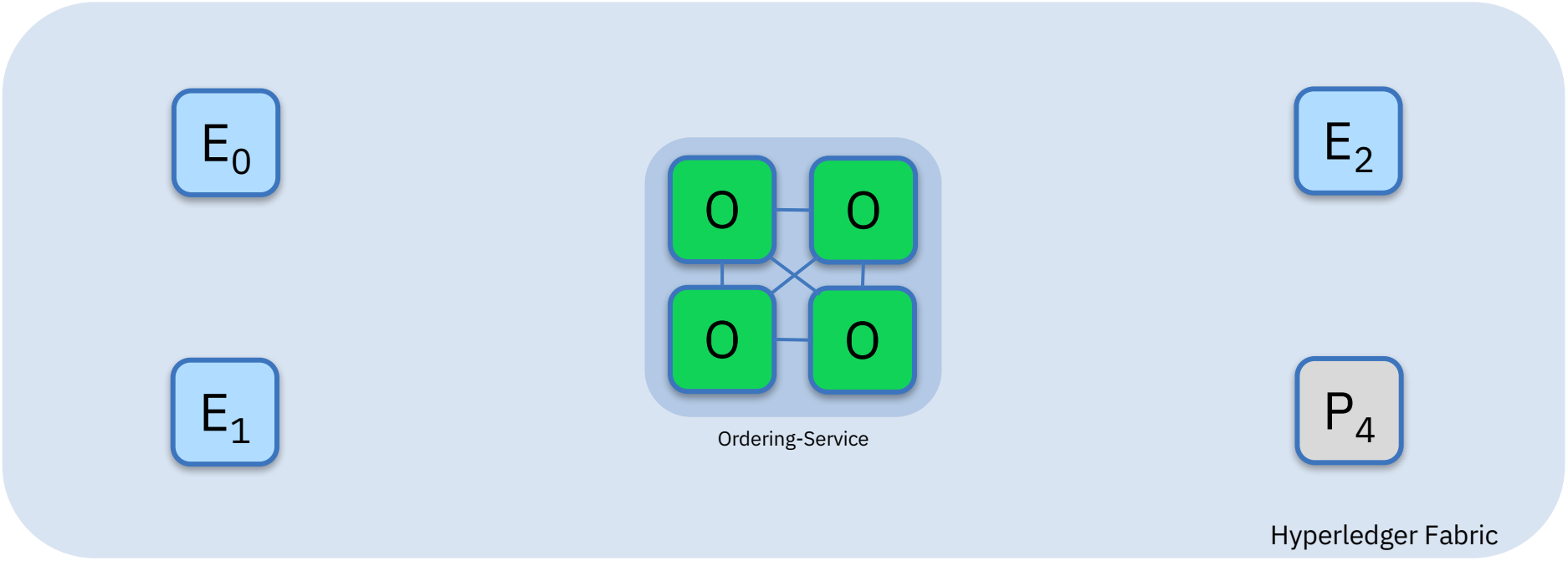


Ordering-Service

Hyperledger Fabric

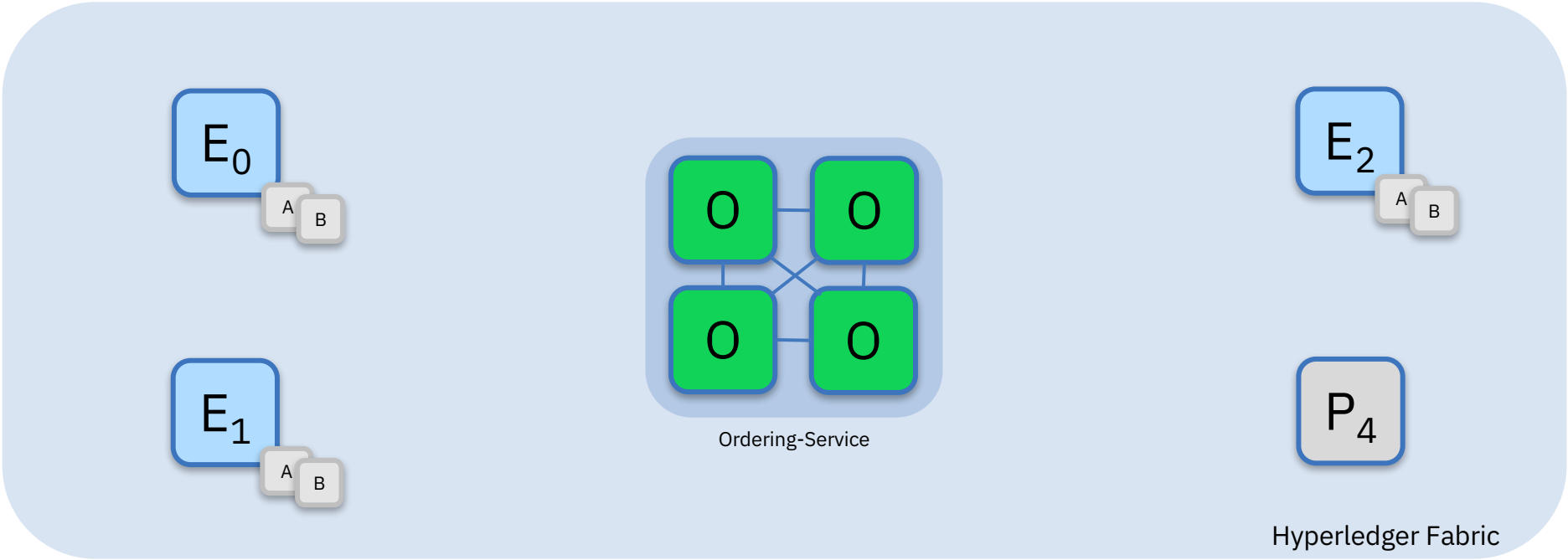
- An Ordering Service is configured and started for other network peers to use
  `$ docker-compose [-f orderer.yml] ...`

Bootstrapping the Network (2/6) – Configure and Start Peer Nodes



- A peer is configured and started for each Endorser or Committer in the network
  `$ peer node start ...`

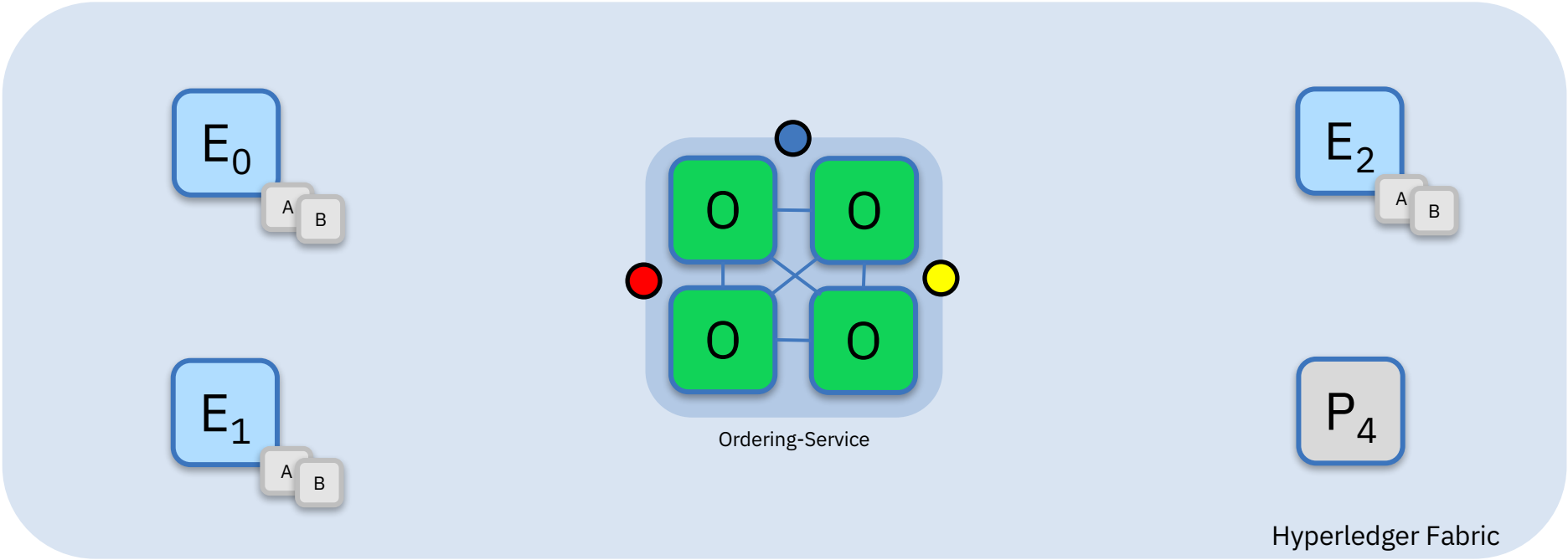
Bootstrapping the Network (3/6) – Install Chaincode



- Chaincode is installed onto each Endorsing Peer that needs to execute it

```
$ peer chaincode install ...
```

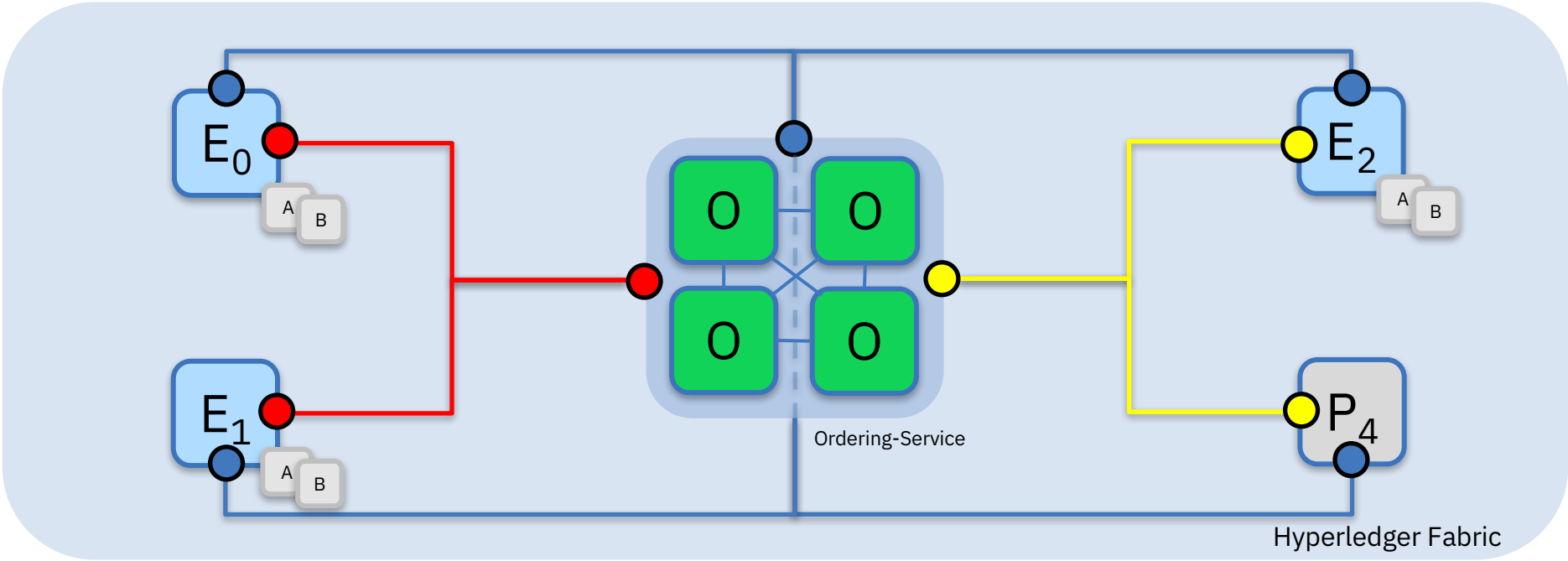
Bootstrapping the Network (4/6) – Create Channels



- Channels are created on the ordering service

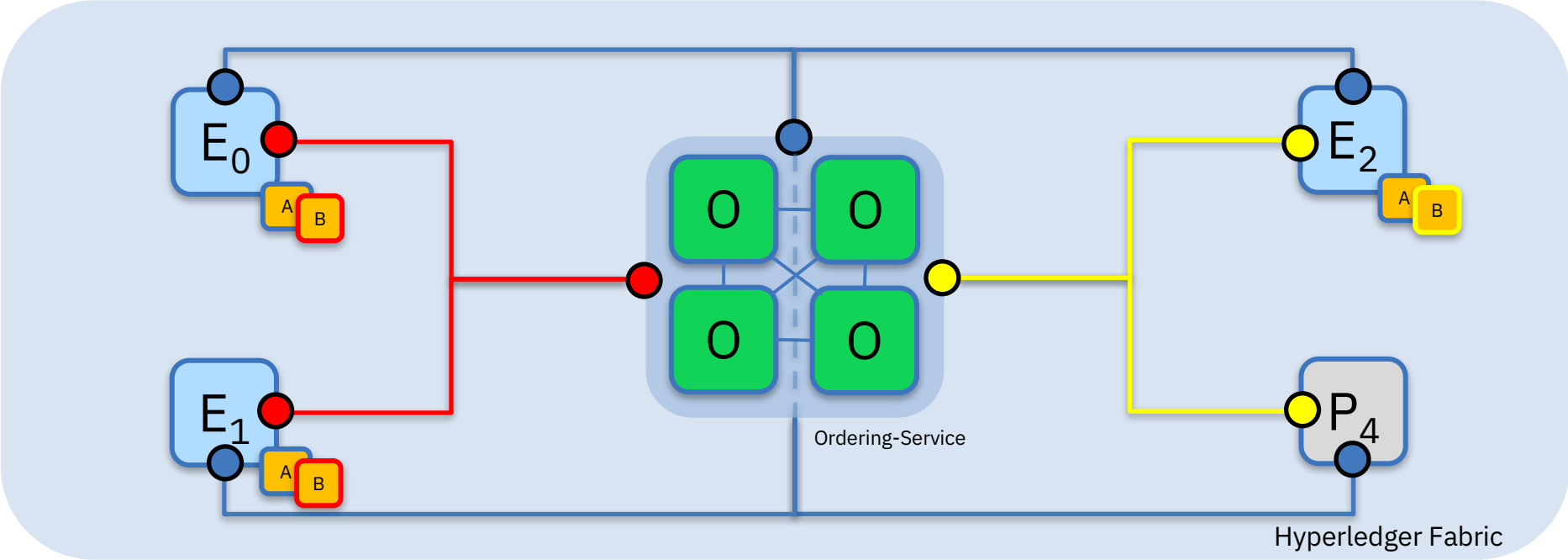
```
$ peer channel create -o [orderer] ...
```

Bootstrapping the Network (5/6) – Join Channels



- Peers that are permissioned can then join the channels they want to transact on
  `$ peer channel join ...`

Bootstrapping the Network (6/6) – Instantiate Chaincode



- Peers finally instantiate the Chaincode on the channels they want to transact on
  `$ peer chaincode instantiate ... -P 'policy'`
- Once instantiated a Chaincode is live and can process transaction requests
- Endorsement Policy is specified at instantiation time

Endorsement Policies

Endorsement Policies

An endorsement policy describes the conditions by which a transaction can be endorsed. A transaction can only be considered valid if it has been endorsed according to its policy.

- Each chaincode is associated with an Endorsement Policy
- Default implementation: Simple declarative language for the policy
- ESCC (Endorsement System ChainCode) signs the proposal response on the endorsing peer
- VSCC (Validation System ChainCode) validates the endorsements

Endorsement Policy Syntax

```
$ peer chaincode instantiate
-C mychannel
-n mycc
-v 1.0
-p chaincode_example02
-c '{"Args":["init","a", "100",
"b","200"]}'
-P "AND('Org1MSP.member')“
```

This command instantiates the chaincode mycc on channel mychannel with the policy AND('Org1MSP.member')

Policy Syntax: EXPR(E[, E...])

Where EXPR is either AND or OR and E is either a principal or nested EXPR.

Principal Syntax: MSP.ROLE

Supported roles are: member and admin.

Where MSP is the MSP ID required, and ROLE is either “member” or “admin”.

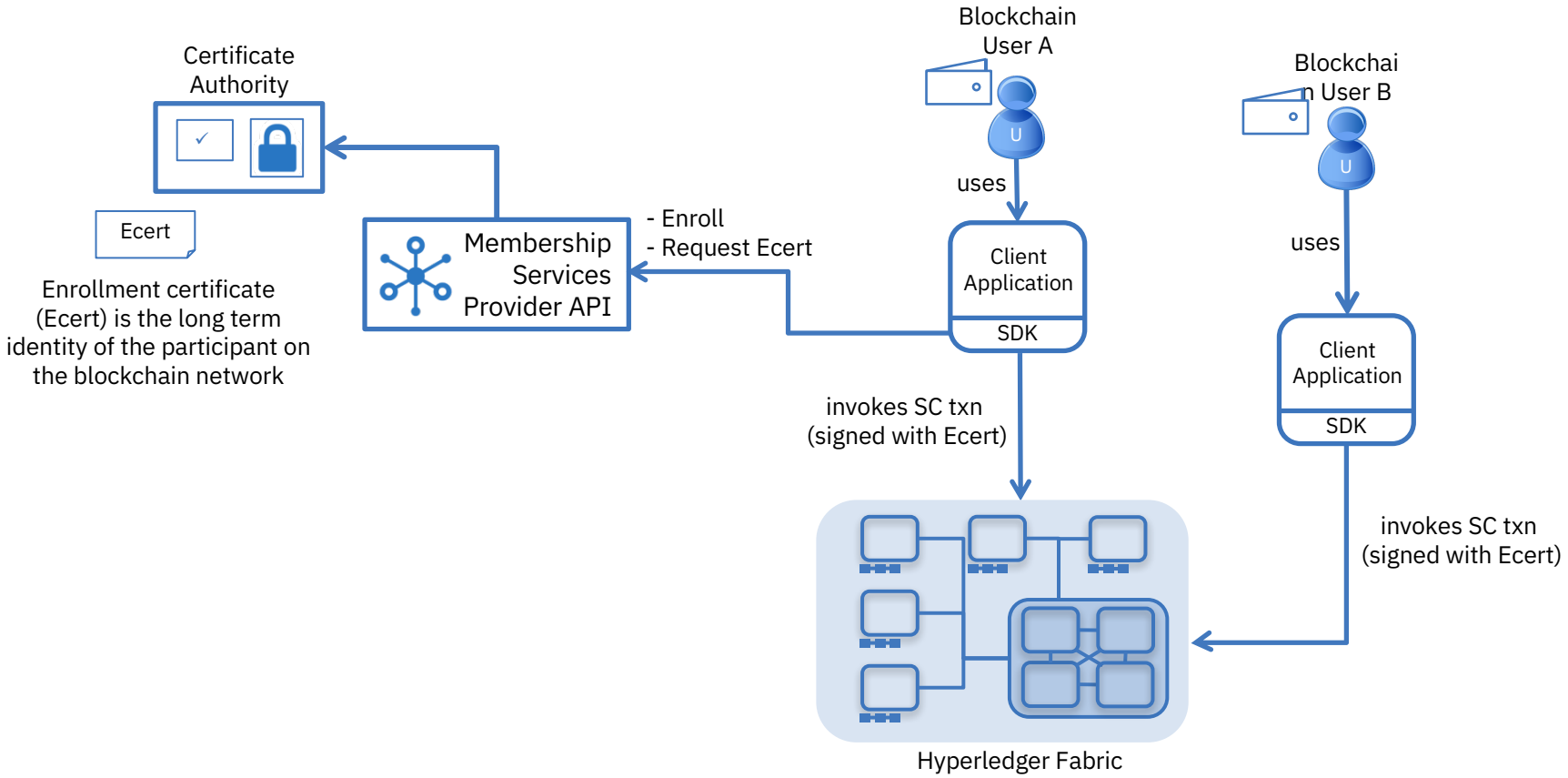
Endorsement Policy Examples

Examples of policies:

- Request 1 signature from all three principals
  - AND('Org1.member', 'Org2.member', 'Org3.member')
- Request 1 signature from either one of the two principals
  - OR('Org1.member', 'Org2.member')
- Request either one signature from a member of the Org1 MSP or (1 signature from a member of the Org2 MSP and 1 signature from a member of the Org3 MSP)
  - OR('Org1.member', AND('Org2.member', 'Org3.member'))

Permissioned Ledger Access

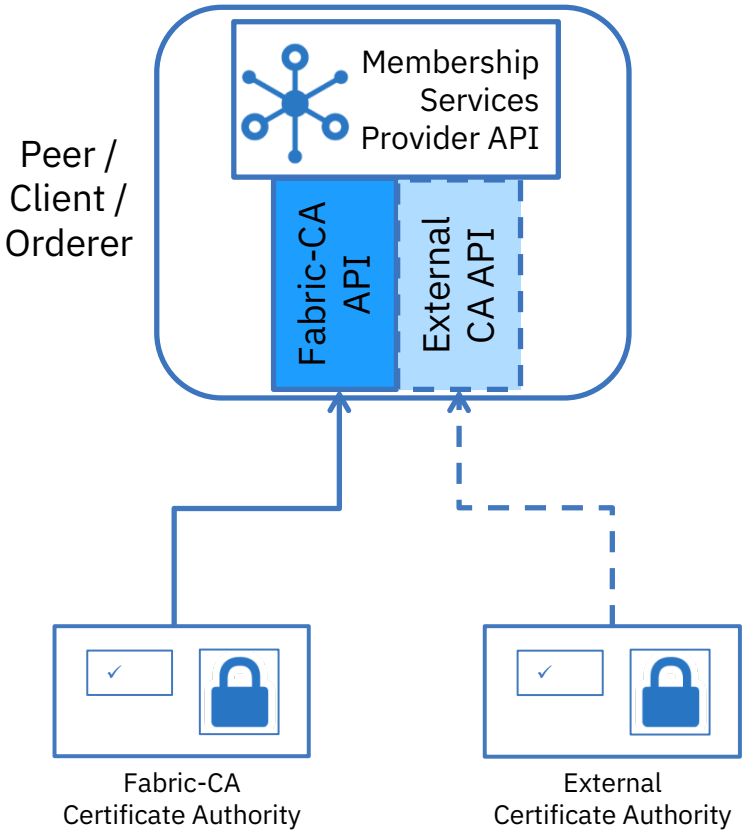
Membership Services Overview



Transaction and Identity Privacy

- Enrollment Certificates, Ecerts
  - Long term identity
  - Can be obtained offline, bring-your-own-identity
- Permissioned Interactions
  - Users sign with their Ecert
- Membership Services
  - Abstract layer to credential providers

Membership Services Provider API



Membership Services Provider API

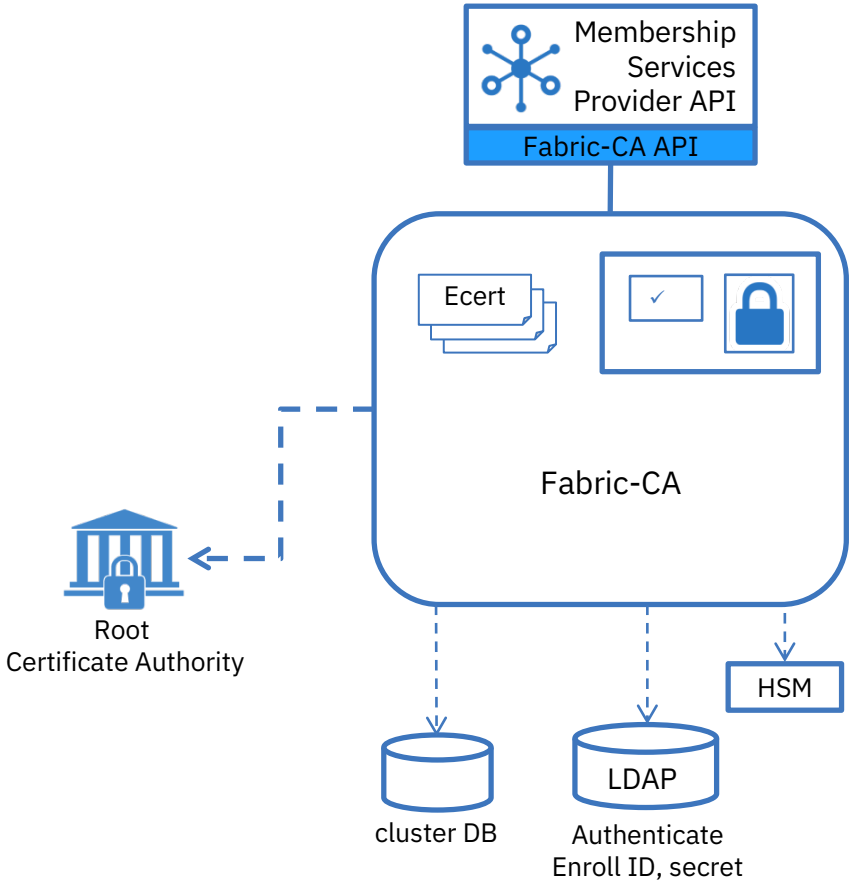
- Pluggable interface supporting a range of credential architectures
- Default implementation calls Fabric-CA.
- Governs identity for Peers and Users.
- Provides:
  - User authentication
  - User credential validation
  - Signature generation and verification
  - Optional credential issuance
- Additional offline enrollment options possible (eg File System).

Membership Services Provider (MSP)

- An abstraction to represent a membership authority and its operations on issuing and management of Hyperledger Fabric membership credentials in a modular & pluggable way
  - Allows for the co-existence of a variety of credential management architectures
  - Allows for easy organizational separation in credential management/administration operations according to business rules at a technical level
  - Potential to smoothly easily support different standards and membership implementations
  - Easy and straight-forward interface that the core can understand

- Described by a generic interface to cover:
  - User credential validation
  - User (anonymous but traceable) authentication: signature generation and verification
  - User attribute authentication: attribute ownership proof generation, and verification
  - (optionally) User credential issue

Fabric-CA Details



Fabric-CA

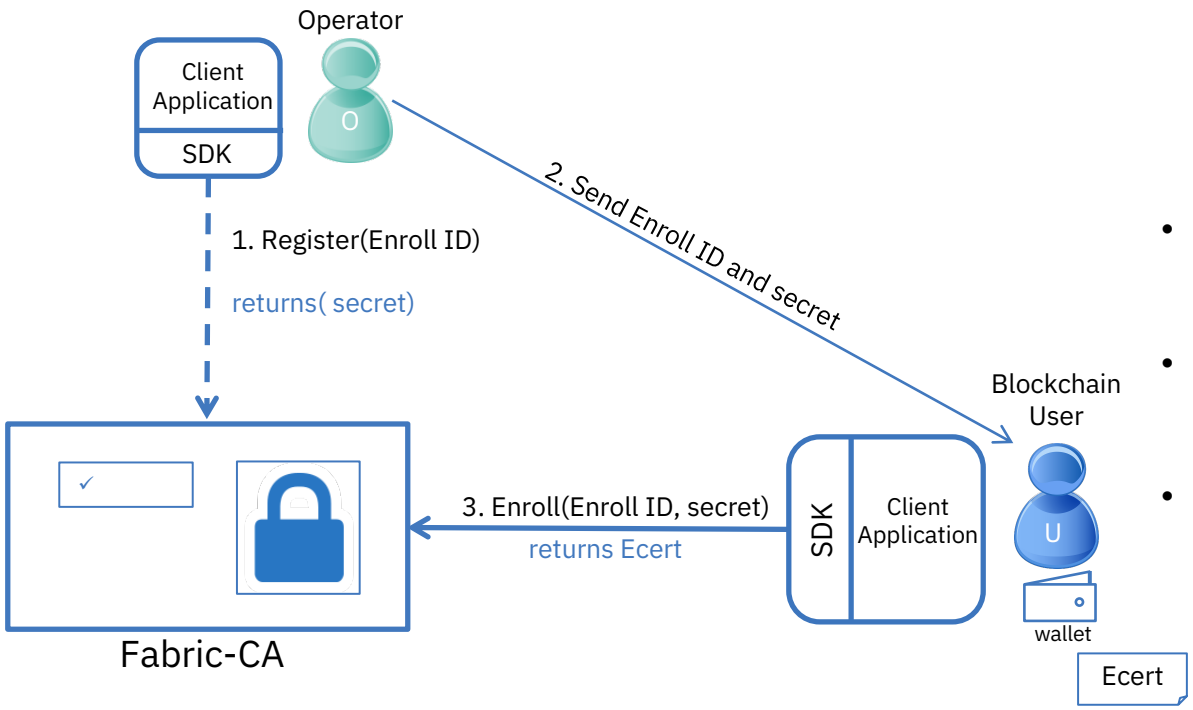
- Default implementation of the Membership Services Provider Interface.
- Issues Ecerts (long-term identity
- Supports clustering for HA characteristics
- Supports LDAP for user authentication
- Supports HSM

Fabric-CA

Certificate Authority

- Issues Ecerts and manages renewal and revocation
- Supports:
  - Clustering for HA characteristics
  - LDAP server for registration and enrollment
  - Hardware Security Modules

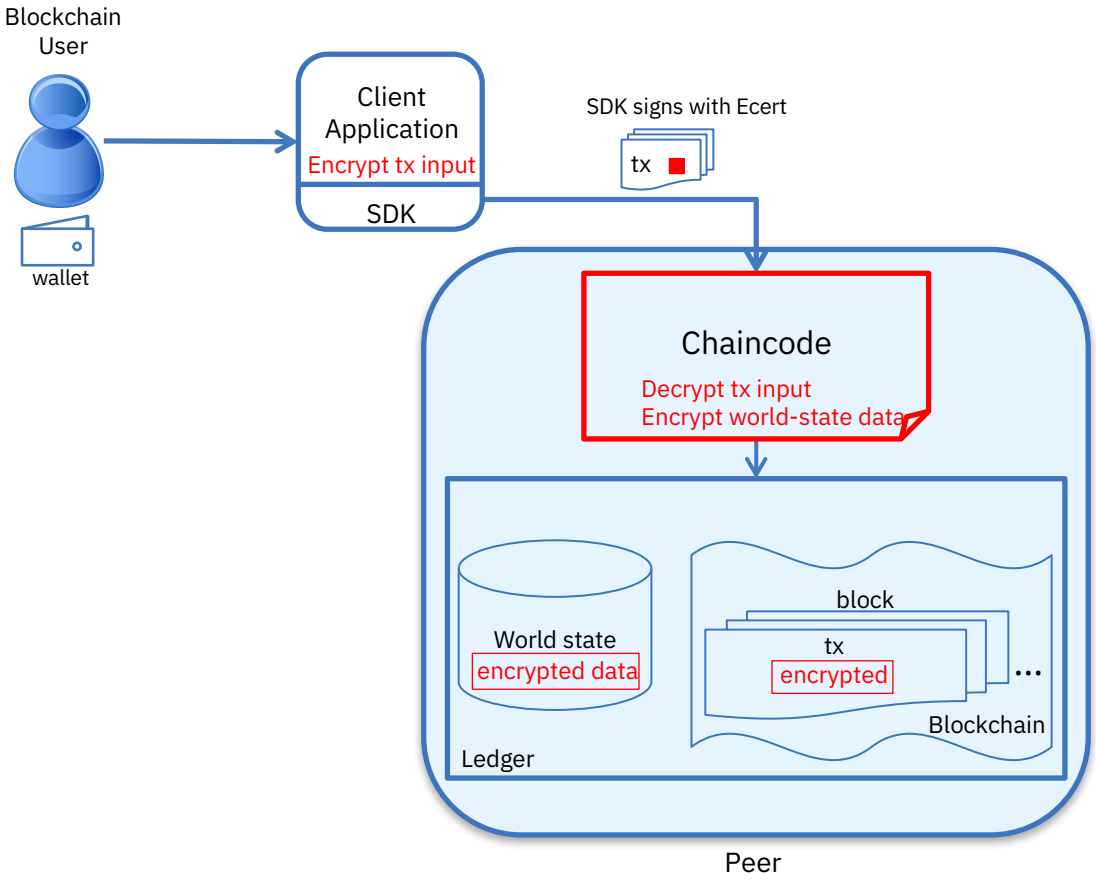
New User Registration and Enrollment



Registration and Enrollment

- Admin registers new user with Enroll ID
- User enrolls and receives credentials
- Additional offline registration and enrollment options available

Application Level Encryption



Data Encryption

Handled in the application domain.

Multiple options for encrypting:

- Transaction Data
- Chaincode*
- World-State data

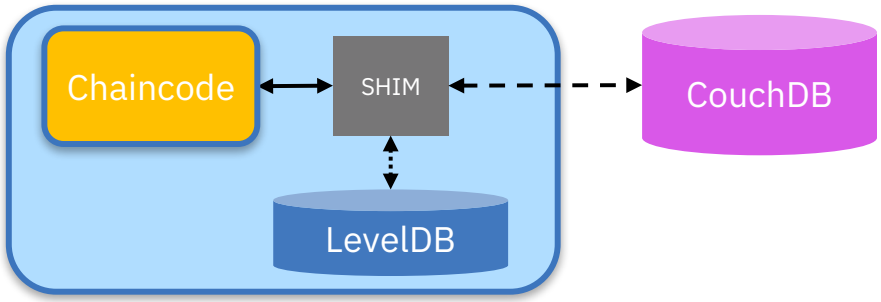
Chaincode optionally deployed with cryptographic material, or receive it in the transaction from the client application using the transient data field (not stored on the ledger).

*Encryption of application chaincode requires additional development of system chaincode.

Pluggable World State

WorldState Database

- Pluggable worldstate database
- Default embedded key/value implementation using LevelDB
  - Support for keyed queries, but cannot query on value
- Support for Apache CouchDB
  - Full query support on key and value (JSON documents)
  - Meets a large range of chaincode, auditing, and reporting requirements
  - Will support reporting and analytics via data replication to an analytics engine such as Spark (future)
  - Id/document data model compatible with existing chaincode key/value programming model



Summary and Next Steps

- Apply shared ledgers and smart contracts to your Business Network
- Think about your participants, assets and business processes
- Spend time thinking about realistic business use cases
- Get some hands-on experience with the technology
- Start with a First Project
- IBM can help with your journey

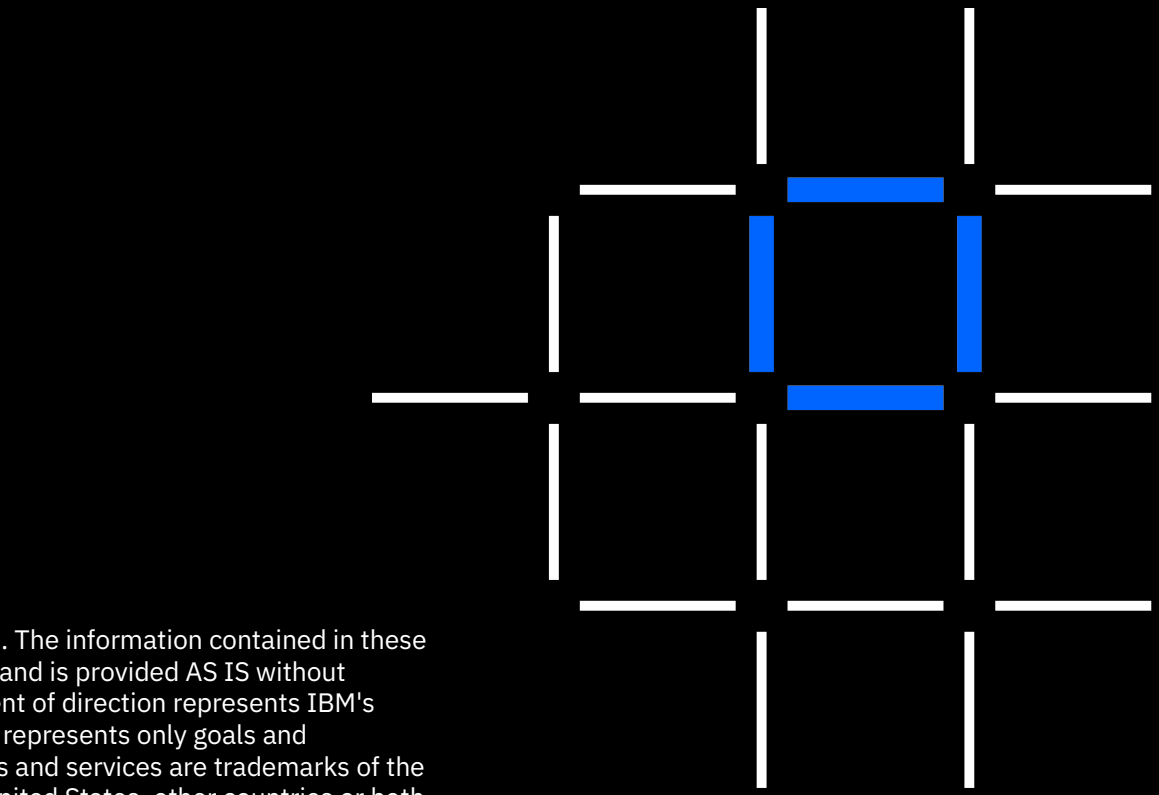
Thank you

IBM **Blockchain**

www.ibm.com/blockchain

developer.ibm.com/blockchain

www.hyperledger.org



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