

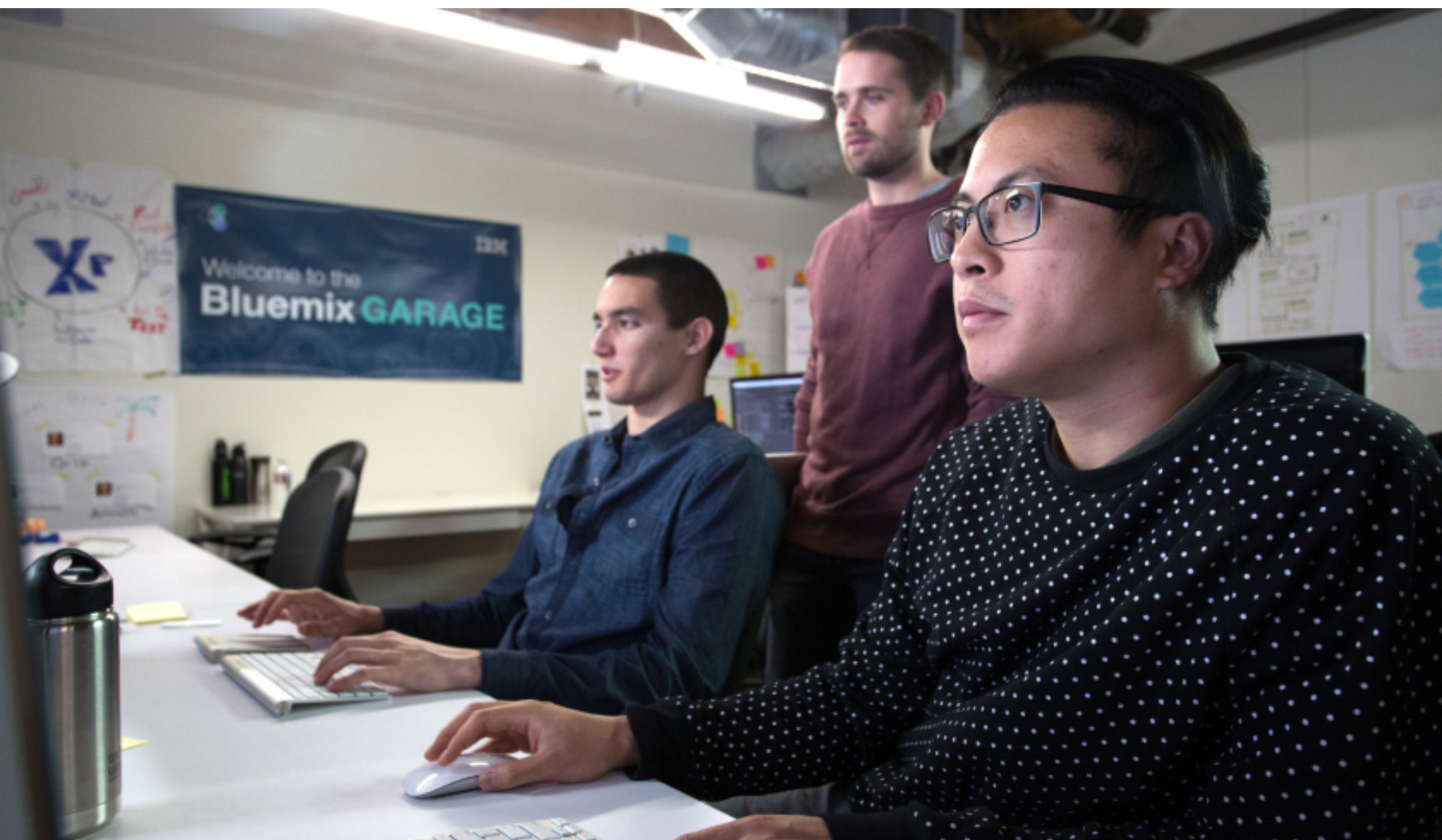
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Can IBM Really Make a Business Out of Blockchain?

by Jeff John Roberts

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The company is saying all the right things.

You can mark 2016 as the year “blockchain” became a buzzword. It’s not as hollow as “cloud,” which marketers have rendered almost meaningless. But “blockchain” is now at the point where everyone and their dogs want a piece of it.

One of the loudest evangelists is **IBM**, which has been **touting** the potential of blockchain—a technology that can allow companies to create quick, tamper-proof ledgers—to transform everything from finance to trading to insurance.

On Tuesday, IBM **announced** the formal launch of a so-called “Bluemix Garage” in New York, where developers can experiment with financial-tech software and explore new forms of blockchain innovation.

It’s a fine idea and one that could serve IBM’s long-term strategic interests. Namely, if developers flock to IBM’s platform, the company will be well-positioned to grab a big share of the “blockchain-as-a-service” market—a still nascent industry dedicated to helping firms navigate the world of ledgers, smart contracts, and all that other good stuff.

The big question, though, is whether IBM can pull this off. While the company can build it, there’s no guarantee they—in this case, the developers and the customers—will come. The challenge is that blockchain technology involves some pretty esoteric software, and those who understand are already in high demand. Outfits like **Bloq**, for instance, which is run by a former bitcoin developer, are already **advising** big banks on how to implement blockchain solutions.

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IBM, however, thinks it can pull this off and become a go-to place for blockchain development. In the longer term, this will pay off with companies turning to it for blockchain help, while also signing on for various cloud services as well.

According to Jerry Cuomo, vice president of blockchain and cloud at IBM, the plan will succeed because the company offers a full-suite of tools that allow developers to get up and running quickly while also benefiting from a mentoring environment at the Bluemix Garage. The garage moniker is supposed to exude a Silicon Valley-esque vibe, where people throw around ideas with markers on whiteboards and Post-It Notes.

In a phone interview, Cuomo also talked up the “3 C’s” (there are those buzzwords again), which stands for “community, cloud and clients,” and it is supposed to be a winning formula for a long-term business. He also pointed to the presence of more than 1,000 developers in a blockchain-related Slack channel as evidence that IBM’s ambitions are bearing fruit.

While the initiatives Cuomo described may pan out, the most important choice by IBM will likely prove to be its decision to embrace an open-source development model. Specifically, it is a big contributor of code to the **HyperLedger project**, a joint collaboration that also involves **Intel** (**INTC** ▲ **1.53%**), **Cisco** (**CSCO** ▲ **1.76%**), and JP Morgan (**JPM** ▲ **3.32%**), and it is being shepherded by the **Linux Foundation**.

This strategic choice to pursue an open form of blockchain development will make it easier for IBM to attract coders, who will not have to fret the skills they acquire will be tied to one company.

Will all this be enough to let IBM win the space? It’s still very early days in blockchain-land, so it’s too soon to pick winners and losers. For now, though, Big Blue is definitely a contender.

*(Correction: this article was updated at 11:20ET to reflect HyperLedger is run by the Linux Foundation, not the **Apache** Foundation)*

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