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EDITOR'S CHOICE

Google, Facebook and Uber: Has Their Blockchain Time Arrived?

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British company Juniper Research recently published a study (<https://www.juniperresearch.com/press/press-releases/6-in-10-large-corporations-considering-blockchain>) which suggests that the use of blockchain technology by multinational companies is just a matter of time. Analysts report (<https://www.juniperresearch.com/press/press-releases/6-in-10-large-corporations-considering-blockchain>) that nearly 6 out of 10 corporations are considering application of this technology or already in the process of developing corporate blockchain services:

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SEC: US Crypto Exchanges Not 'Enthusiastic' Enough About Regulatory Compliance (<https://cointelegraph.com/news/sec-us-crypto-exchanges-not-enthusiastic-enough-about-regulatory-compliance>)

Software Multinational SAP Announces Launch of Cloud Blockchain Platform (<https://cointelegraph.com/news/software-multinational-sap-announces-launch-of-cloud-blockchain-platform>)

Andy Warhol Painting to Be Sold via Blockchain in 'World's First' Crypto Art Auction (<https://cointelegraph.com/news/andy-warhol-painting-to-be-sold-via-blockchain-in-world-s-first-crypto-art-auction>)

Coinbase Acquires Financial Services Firm to Become SEC-Regulated Broker Dealer (<https://cointelegraph.com/news/coinbase-acquires-financial-services-firm-to-become-sec-regulated-broker-dealer>)

Bitcoin, Ethereum, Ripple, Bitcoin Cash, EOS, Litecoin, Cardano, Stellar, IOTA: Price Analysis, June 06 (<https://cointelegraph.com/news/bitcoin-ethereum-ripple-bitcoin-cash-eos-litecoin-cardano-stellar-iota-price-analysis-june-06>)

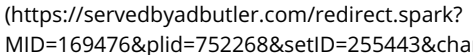
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





















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CBInsights states (<https://www.cbinsights.com/research/report/blockchain-trends-opportunities/>) that Google takes the second position in the top corporate investors in blockchain companies, with 6 investments that span private enterprise services (LedgerX), and merchant services. One possible reason might be that Google expects to profit from its equity investment in blockchain startups and sees the perspectives of this industry.



Most active corporate blockchain investors

2012 - 2017 YTD (10/03/2017)

Investor	Rank	Select Companies
	1	       
	2	     
	3	     
	4	    
	5	   

Note: Goldman Sachs has left R3.



(<https://cointelegraph.com/storage/uploads/view/53026a2035e0f15733314e913dd9e8a3.png>)

Image source: CBInsights

The other possible reason for Google's blockchain investment might be that it is trying to integrate blockchain for enhancing its corporate processes. This is backed up by the fact that Google recently began (<https://cointelegraph.com/news/google-reveals-two-blockchain-projects-as-it-eyes-data-transparency>) developing a blockchain-based cloud service.

This new solution is expected to not only provide a high level of security for personal data stored on cloud servers, but also help Google to gain a competitive advantage against other startups that have already jumped onto the blockchain bandwagon. In any case, Google can't be too careful wherever personal data may intersect with cryptocurrencies. Especially now that most internet users understand the pseudo-anonymity (<https://hackernoon.com/blockchain-is-bad-2d43e32f843e>) of the Bitcoin and Ethereum blockchain, with all the transactions and their senders being tracked in the system, and wallets being vulnerable to third party access.

The use of distributed ledgers by anonymous cryptocurrencies such as Zcash and Monero is also under question due to sanctions (<https://cointelegraph.com/news/hacked-exchange-coincheck-drops-three-anonymity-focused-coins-after-fsa-inspection>) imposed against them by a number of states, and the general rhetoric of regulatory bodies considering privacy-oriented coins to be an attractive instrument for money laundering (<https://cointelegraph.com/tags/aml>) and terrorism (<https://cointelegraph.com/tags/terrorism>). Before talking about the deployment of its own blockchain, the Internet giant should have a particular problem, which cannot be solved without participation of this technology. Thus, the use of blockchain for securing the personal data of users seems unlikely.

Experiments may affect the contextual advertising service Google Adwords. The advertising market (<https://cointelegraph.com/tags/advertisement>) is one of the most dynamic developing industries of the last decade. Now businesses are fighting for clients on the Internet. Clicks, views, and leads have all become an integral part of any company's marketing campaign. However, today we often hear that Internet marketing is becoming inefficient as entrepreneurs are spending huge amounts for advertising, and the cost of attracting one user can reach up to

\$6 (<https://www.bluecorona.com/blog/pay-per-click-statistics>). Google and Facebook are market monopolies with a total share equal to 72 percent - which explains why they might not be interested in changing the conditions.



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However, advertisers in search of more favorable prices may give preference to blockchain-based ad networks – and here, Google should hold a high bar.

For example, the creator of the well-known web browser Mozilla Firefox Brandon Eich launched (<https://cointelegraph.com/news/ad-blocking-browser-brave-introduces-new-way-to-support-websites>) his new project Brave, where users are given internal cryptocurrency for viewing only relevant and interesting advertising. Another example of how blockchain technology can transform existing Google services can be the Ubex startup, which offers a service that directly connects advertisers and webmasters, providing full automation and as a consequence, more attractive conditions for promotion. Such technology may become a panacea for monopolization and spamming as the neural network analyzes users behavior, collects their preferences and reduces the number of ads displayed to a few impressions. According to Ubex founders (<https://medium.com/ubex/ubexs-adventures-in-london-2578987e125e>), the combination of blockchain, artificial intelligence and pay per result principle could help to free the internet from unnecessary ads and achieve nearly 100 percent conversion. In the future a person will see just one ad at a web session and that would be exactly what he/she wants to buy right now.

Optimization will also affect analytics, which are still based exclusively on the calculation of banner clicks and conversions. As a result, the Internet community could become free from intrusive spam, and brand owners could save money by paying only for profitable actions.

The introduction of such a service into a multibillion-dollar market could become as significant as the transition of the Ethereum blockchain (<https://cointelegraph.com/news/ethereum-devs-publish-upgrade-proposal-to-move-network-away-from-mining-related-issues>) from the Proof-of-Work algorithm to the Proof-of-Stake algorithm, since it may solve the industry backlog. But does Google share the idea that only blockchain will make it possible in principle to switch to a model of payment for targeted actions? This is one of the directions in which the corporation needs to work to maintain its leading position in the market. The founder of Ubex, Artem Chestnov told Cointelegraph:

“Google will start moving to the blockchain space faster than we think and than their management thinks, they simply have no choice. They are already late and will try to catch up time by a number of serious acquisitions. We shall see a multibillion M&A activity from tech giants already next year.”

Moreover, from June online advertising market may lose 74 percent (<https://investorplace.com/2018/03/google-bans-all-cryptocurrency-ico-and-bitcoin-advertising/>) of revenue due to the ban on ICO and cryptocurrency related ads (<https://cointelegraph.com/news/google-to-ban-all-crypto-related-ads-starting-june-2018>). Was the recent poll (<https://cointelegraph.com/news/google-to-ban-all-crypto-related-ads-starting-june-2018>) opened by Vitalik Buterin on his possible leaving Ethereum for Google just a trolling or a truly intention to create ‘Googlereum’?

Facebook: banning others to create one’s own

Facebook has been frequently seen in the headlines of cryptocurrency stories for the last two months. Mark Zuckerberg’s brainchild was either surrounded by gossip (<https://www.financemagnates.com/cryptocurrency/news/exclusive-facebook-launch-cryptocurrency-massive-ico/>) about upcoming initial coin offerings (ICOs

(<https://cointelegraph.com/tags/ico>), or involved in scandals related to the cryptocurrency ads ban (<https://cointelegraph.com/news/facebook-bans-cryptocurrency-ico-ads-because-of-deceptive-promotional-practices>) and users' data theft (<http://time.com/5205314/facebook-cambridge-analytica-breach/>).

On May 11, the world found out that Facebook has plans (<https://cointelegraph.com/news/facebook-exploring-making-its-own-cryptocurrency-media-report>) to launch its own cryptocurrency after all. When this will occur and what benefit it will bring is still unclear but they have specified that the native token will be used inside the platform. Just like Telegram (<https://cointelegraph.com/tags/telegram>), the company is preparing the ground for blockchain deployment and maybe understands that ignoring new technologies will inevitably lead to the loss of power in the future.

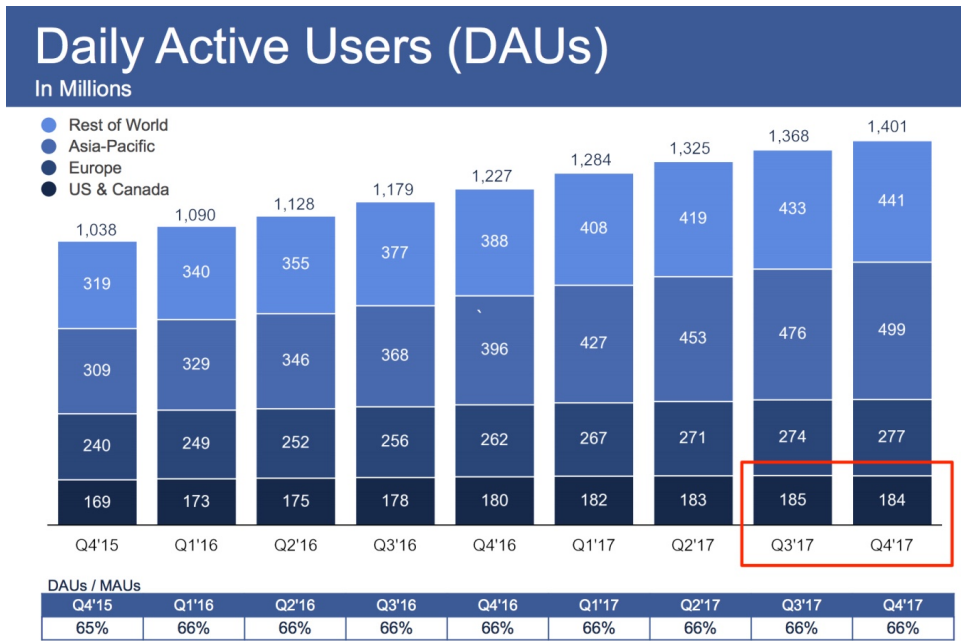
They have not written off the possibility that a blockchain equipped social network will be able to radically change the rules of a game that has become habitual for everyone, since there will no longer be a ruler who can use your ideas and thoughts.

The development team will be headed by David Marcus, who previously worked with Coinbase and PayPal:



While the post is optimistic, the reality is that limited blockchain bandwidth may make it difficult to turn Facebook into a global blockchain platform. Let's refer to the Bitcoin network, which has an throughput of 2-5 transactions per second (<https://blockchain.info/ru/charts/n-transactions>), and Ethereum with the processing speed of 1200 transactions per second (<https://etherscan.io/chart/tx>). These numbers are miniscule when compared to a traditional system like Visa which can easily process over 25,000 transactions per second.

According to Zephoria (<https://zephoria.com/top-15-valuable-facebook-statistics/>), every 60 seconds on Facebook: 510,000 comments are posted, 293,000 statuses are updated, and 136,000 photos are uploaded. We already know that the Ethereum network allows the processing of only 1200 transactions per minute. The transfer of user data to the blockchain may also have its traps, given the recent scandal (<https://www.forbes.com/forbes/welcome/?toURL=https://www.forbes.com/sites/forbescommunicationscouncil/2018/05/01/what-the-cambridge-analytica-scandal-means-for-the-future-of-facebook-marketing/&refURL=https://www.google.by/&referrer=https://www.google.by/>) round the leaks of user personal data, which cost the company \$100 bln of market capitalization.



(<https://cointelegraph.com/storage/uploads/view/16e1b55be971e831a1bbabeb4d98549c.jpg>)

Image source: TechCrunch

Nevertheless, if Facebook ever makes friends with decentralization, it will be either “a decentralized platform that offers the same services (<http://fortune.com/2017/10/30/google-amazon-apple-ethereum-blockchain/>)”, as Joseph Lubin, Ethereum co-founder, suggests, or similar to the current model of the Steemit platform, which is independent of moderation and centralization. Steemit developers have managed to create a system in which any social activity is paid for by the platform's cryptocurrency, instead of the usual likes and dislikes. At the same time users' actions, whether posts, comments or votes, are recorded not in the database, but directly in the blockchain.

Unlike Facebook, which binds any marketing data with users' identities, blockchain can compartmentalize information and separate data, which affects one's privacy (identity), from the information useful for marketers – on demographics, preferences, habits, etc.

Moreover, Facebook data collection system isn't opt-in, and not even entirely opt-out, completely dis-empowering users. The use of distributed ledger technology (DLT) offers users full power over their data and the ability to directly benefit from sharing it, thanks to an integrated incentive model in the form of cryptocurrency, tokens, or other monetary rewards.

Full decentralization makes us believe that each record on these resources could remain untouched, impossible to be changed or deleted. In addition, high-quality copyrighted content, interesting to users, is rewarded with the liquid cryptocurrency. There are examples of fully decentralized social media, which show how the blockchain system can be useful for a typical Internet user. They don't interfere with participants activities, don't have an access to their messages, and don't prohibit them to express any views. Can it be used to harm? Probably. Full decentralization without any moderation may lead to users post offensive or cruel materials, prohibited content or private data.

Do Uber clients need blockchain?

Companies such as Uber (<https://cointelegraph.com/tags/uber>) act as aggregators or centralized information exchange centers for connecting providers with people who need their services. At the same time, users might not realize that there are more than one link in the chain, each of which affects the speed, quality and cost of the service provided.

All the signs of centralization (<https://cointelegraph.com/news/uber-collects-user-location-data-new-york-city-demands-access>) are there, with the entire infrastructure, including servers and software belonging to aggregators, and the mechanism of interaction of individuals with others controlled by the platform. In the case of Uber, users send a request for a trip through the application, which then sends it to the server, where the signal is distributed to the drivers base. At the end of the trip, the driver receives money. What does Uber get from this transaction? They take a percentage of the fare.

Having a company that has complete control over everything that happens inside its system, and dictates its conditions for working with contractors, gives it the opportunity to abuse its power. With its current business policy, Uber is a structure that can not work without centralized power.

However, before talking about the potential of blockchain in terms of the destruction (<https://cointelegraph.com/news/facebook-uber-airbnb-ebay-how-blockchain-can-break-data-monopolists>) of the business model created by Uber and other enterprises that function as aggregators, we need to pause to look at certain blockchain characteristics that could make its implementation the best solution.

In fact, as blockchain (<https://cointelegraph.com/tags/blockchain>) is a distributed ledger, representing a continuous chain of blocks sequences, it is extremely secure, because it uses encrypted keys. The information is stored not in one place, but is recorded in each block of the chain. With such a system, no centralized power is required, and service providers and consumers can directly communicate with each other. An important fact is that the currency exchange option is already embedded in the technology.

Blockchain technology has a number of advantages, but is there any chance that it will be able to change existing systems such as Uber? Instead of a centralized organization acting as an intermediary in the exchange of information, all those who want to become a driver will attach some of their metadata to a profile directly linked to the blockchain. There, for example, the current position of the driver and the feedback of clients can be stored. Every time a new customer appears in the system, the blockchain network would filter out the appropriate drivers who are closest to the client and can accept the order. The payment itself would be processed in the existing peer-to-peer network.

An example of how blockchain can be used to provide public transportation services is Vimana Global – the US-based manufacturer of unmanned aerial taxis (convertoplanes). Navigation, coordination and management of vehicles is carried out along with the constant exchange of information between nodes in blockchain, where the vehicles themselves are the nodes. However, public transportation is an industry important enough to be concerned about the fully secure applicability of blockchain in it. Developers may revolutionize the way the data is stored and the information is exchanged. But will they manage to solve the problem of bandwidth if it comes to thousands or millions of passengers?

Has the time come?

The 21st century is the time of the information revolution. The development of new technologies and the ubiquitous spread of the Internet made it possible to radically change the state of affairs in traditional markets. As in the early 2000s during the dotcom boom (<https://cointelegraph.com/news/is-crypto-space-fated-to-become-another-dotcom-bubble>),

many entrepreneurs are seeing the prospects opened up to them with the development of the global network and launching successful services that grew into global corporations. So, with the advent of distributed ledgers, many opportunities have opened up for changing and improving already established internet markets.

How serious are the biggest corporations in revolutionizing their business with blockchain? This question was answered by one of those who knows almost everything about this progressive technology. Joseph Lubin, cofounder of Ethereum (<http://fortune.com/ethereum-blockchain-vitalik-buterin/>) made jokes (<http://fortune.com/2017/10/30/google-amazon-apple-ethereum-blockchain/>) about several world giants:

“Oracle (<http://fortune.com/2017/10/02/oracle-blockchain/>) is just starting on their blockchain journey. Apple seems to be largely uncaring and unaware. Google is making investments, but it's not clear that they have lot of activity going on. Amazon, we've not seen that much, so we'll see.”

Decentralization could help big corporations to automate and optimize their business processes in logistics, security or data storage. Still such giant entities like Google, Facebook or Uber will need time to scale what blockchain startups have today. On the other hand, if in the near future small businesses do not manage to introduce innovative solutions into their systems, monopolists of the internet market could become monopolists in the blockchain environment.

That is why, to date, we can see two camps competing with each other. On one side there is a large number of ICO startups undertaking the monotonous work on the introduction of blockchain technology. On the other side there stand large corporations which rather experiment with or invest in blockchain than apply it. The hopes that someday the era of digital technology will switch from FOMO phase into something fundamental still remain. But this can happen only after the massive introduction of the blockchain takes place in the areas that are intended for this – Internet technology, software and banking.

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