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# New Blockchain Startup Brings Contracts into the Digital Age

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SmartContract CEO Sergey Nazarov launching his company's products at DEMO In San Jose. Source: CoinDesk

One of the most notable features of blockchain-based technology is the ability to provide substantial public proof of information.

Now a startup called SmartContract is harnessing this aspect of the technology to create contractual agreements that can be used by both experts and newcomers alike.

SmartContract CEO Sergey Nazarov told CoinDesk:

*“We want to be the secure web layer that gives people access to infrastructure that they can use to create valuable trust.”*

These trust-based agreements can utilize the ever-growing amounts of available data on the web – such as currency prices, web search figures or even GPS signals – as a burden of proof, which has helped SmartContract to launch its first three products.

Nazarov and his SmartContracts team have been working on trustless systems for some time, having launched something called Secure Asset Exchange built off of the peer-to-peer cryptocurrency exchange [NXT](#) last year.

“We have been thinking about smart contracts since the beginning of this year,” said Nazarov, who added that a four-person team was assembled to develop the SmartContract platform over the summer.

The SmartContracts effort is being backed by [Data Collective](#), an investment group based in San Francisco. Data Collective has invested in other financial technology companies such as Standard Treasury and [TradeBlock](#).

## Simple, logic-based contracts

So how does SmartContract work?

“We create a substantial amount of trust by putting the documents in hashing form, by tracking external trustworthy data sources and by providing a front end where everybody can see what’s going on,” Nazarov explained.

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SmartContract's front-end is designed to make it easy for the average person to understand the logical statements and data sources from which these contracts are derived.

Sample SmartContract escrow terms.

In addition to this user interface, more advanced users of this platform can find the code version of the contract in a downloadable [JSON](#) format for further extensibility.

SmartContract prides itself on having products people can use today, and intends to iterate fast. “We’re very early, but we’re working as fast as we can, “ Nazarov said.

## Advantages of the NXT blockchain

While SmartContract does allow bitcoin as a payment mechanism, its programmable agreements use the NXT blockchain to store data.

Nazarov said there are some very specific reasons why SmartContract uses NXT to hash contract data instead of the bitcoin blockchain. “We put it into NXT because it has features that are made specifically for putting data into its blockchain,” he noted.

One reason, among many, is the faster two-minute block generation times NXT offers.

Nazarov said:

*“The really interesting thing that is deeply underpublicized is that NXT has had a very impressive set of smart contract capabilities for months now.”*

The SmartContract team believes that NXT is already able to scale trustless agreements, should they suddenly become popular in the near future.

Many in the cryptocurrency community are underestimating the potential for NXT as a blockchain for smart contracts, Nazarov said.

He added:

*“NXT, I think, is kind of misunderstood. I think if you look at what they said they would ship and what they ship. And does it work, and does it work at scale. There’s very few others that I can point to that have anywhere near as many features.”*

## Product use cases

SmartContract already has products ready upon which users can build programmable, trustless agreements.

One of these products, called Stabilized Bitcoin Payments, allows parties to agree to a payment in bitcoin at a set dollar rate. That way, the parties can use bitcoin as a payment method without having to worry about the digital currency's volatility hampering the deal.

“I don’t need to hold bitcoin to pay a contract in dollars using bitcoin,” explained Nazarov. “I just get it in dollars, right when I need to pay.”

Another product is a contract for performing search engine optimization (SEO) work.

Parties can agree upon a set of SEO standards, and when certain performance levels are achieved with verifiable search engine data, these parties then exchange financial compensation for work performed.

SmartContract thinks SEO is a perfect use case for a trustless agreements, based on this type of easily verifiable data source.

“We think that’s really interesting because, on the one hand, payment only happens when performance occurs. And service providers won’t remain unpaid,” said Nazarov.

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The final available product is bitcoin escrow around conditional payments. A good example of its application would be for bitcoin-based loans, a specific agreement on an escrow-based payment schedule.

## Infrastructure is already here

There are a number of other startups working on smart contracts concepts. Ripple Labs' [Codius](#) project, [BitHalo](#) and [Viacoin](#) are some examples, and there are others too. But most smart contract initiatives are still in the early stages of development, without tangible products yet available.

“I think some folks are waiting for other infrastructure to show up and solve their technical problems,” said Nazarov. "We aren’t [waiting]. That’s why we’re sooner than other folks.

SmartContract also plans to launch more programmable agreements soon and has at least two others in development, one for geolocation-based contracts using GPS data, another for real estate – both expected to be available in early 2015.

Perhaps more significantly, SmartContract could end up producing the infrastructure for smart contracts too, since very little exists right now. The firm's thinking is, if there is technology out there for people to start using smart contracts, it will hopefully gain traction in industries that really stand to benefit – such as the legal profession.

Nazarov said:

*“You don’t see anywhere in the technology industry people marketing infrastructure to consumers. You see applications providing value to users by providing infrastructure.”*

So, one day, the company would like to produce application programming interfaces (APIs) that could be implemented in third party products.

“The APIs might come later. We are laser focused on getting people real world value. [This] solves a fundamental problem for them and their business,” Nazarov said.


*Image via Shutterstock*

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