# Blockchain: Disruptive Technology Is Here to Stay

November 27, 2017, 04:05:00 PM EDT By Nilanjan Choudhury, Zacks.com



Shutterstock photo

The digital currency (or cryptocurrency) markets continue to swell with bitcoin - the most popular online token - surging to a new record in trading today, at over \$9,700. It has been a phenomenal 2017 for bitcoin, which has soared a staggering 870% year to date. Such has been the growing interest in the cryptocurrency market that bitcoin's main rival ethereum also hit an all-time high of \$425.55 during the

Thanksgiving weekend.

Despite what many refer to as 'a massive speculative bubble that is destined to end badly for investors,' the market cap for cryptocurrencies has exploded since the beginning of 2017, growing seven-fold in value to around \$285 billion as of Friday, and still climbing at a rapid clip. To put the market value in perspective, it is now ahead of financial services major Visa Inc. V.

While financial theorists continue to argue whether bitcoin and other major digital currencies' dizzying rally is a bubble or not, the underlying technology that sits behind them - blockchain - is here to stay.

## Blockchain: Disruptive Technology with Wide Range of Applications

Blockchain is the world's leading software platform for digital assets. It was first developed as the technology platform maintaining the bitcoin transaction database -- a shared ledger with real-time auto updates that can process and settle payments in minutes using computer algorithms, without the requirement for third-party verification.

Since then, the technology has gone mainstream with uses in an array of industries, from finance to insurance. In fact, some observers believe that blockchain has the potential to be as disruptive for the global financial services industry as Amazon.com AMZN was for retail. Promising a major paradigm shift, blockchain technology can usher in cheaper and faster processes with its ability to digitize transactions smoothly and efficiently.

## Organizations Focused on Developing Blockchain Solutions

Earlier this month, a consortium including European energy majors BP plc BP, Royal Dutch Shell plc RDS.A and Statoil announced the development of a blockchain-based digital tool for commodities trading. The venture, expected to start by the end of 2018, is being backed by banks ABN Amro, ING and Societe General. Once it takes off, the platform aims to move away from physical trading using traditional paper documentation, to smart and secure electronic contracts managing transactions from trade entry to final settlement.

Given the versatility and the infinite possibilities of the tool, it's quite obvious that such a technology could easily be expanded far beyond commodity trading and into other avenues.

Recently, eleven companies - including New York-based blockchain firm Axoni as well as U.S. banking giants Goldman Sachs GS and J P Morgan Chase JPM - successfully completed a blockchain-based pilot project for processing equity swaps. The six-month experiment achieved success across swap

transaction aspects such as amendment and termination of operations, stock splits, and dividends.

Meanwhile, tech giant IBM IBM is working on a new blockchain banking solution to help simplify complex and costly cross-border financial transactions by reducing settlement time and lowering the cost of completing global payments for businesses and consumers.

#### Number of Active Corporate Investors Swelling

Per a report by data firm CB Insights, Google GOOGL and Goldman Sachs are among the most active corporate blockchain investors, vying with the likes of Japan-based financial services firm SBI Holdings, Citigroup and Overstock.com Inc. OSTK -- a merchant services provider.

Reflecting the interest of big business in the technology, the report also found that the number of firms putting their money in blockchain companies hit a record high of 91 this year, while there have been 42 equity investment deals by corporations aggregating \$327 million. This is slightly below the \$390 million recorded in the whole of 2016.

In particular, companies like Overstock are preparing themselves to cash in on the cryptocurrency bandwagon by launching an exchange for the digital coins. Investors believe that the inevitable acceptance of these payment modes across a wide spectrum of businesses will result in handsome earnings and revenue growth going forward.

No wonder that the Zacks Rank #3 (Hold) stock hit a four-year high recently on mounting excitement around the company's venture into blockchain. You can see the complete list of today's Zacks #1 Rank (Strong Buy) stocks here.

## Potential of the Blockchain

Considering the numerous benefits of blockchain and its almost unlimited usage, the technology platform has the potential to revolutionize transactions by reducing complexity, cutting costs, boosting accuracy and lowering counterparty risk.

## Will You Make a Fortune on the Shift to Electric Cars?

Here's another stock idea to consider. Much like petroleum 150 years ago, lithium power may soon shake the world, creating millionaires and reshaping geo-politics. Soon electric vehicles (EVs) may be cheaper than gas guzzlers. Some are already reaching 265 miles on a single charge.

With battery prices plummeting and charging stations set to multiply, one company stands out as the #1 stock to buy according to Zacks research.

It's not the one you think.

### See This Ticker Free >>

Want the latest recommendations from Zacks Investment Research? Today, you can download 7 Best Stocks for the Next 30 Days. Click to get this free report

Amazon.com, Inc. (AMZN): Free Stock Analysis Report

Overstock.com, Inc. (OSTK): Free Stock Analysis Report

Alphabet Inc. (GOOGL): Free Stock Analysis Report

Goldman Sachs Group, Inc. (The) (GS): Free Stock Analysis Report

BP p.l.c. (BP): Free Stock Analysis Report

Royal Dutch Shell PLC (RDS.A): Free Stock Analysis Report

Visa Inc. (V): Free Stock Analysis Report

To read this article on Zacks.com click here.

## Zacks Investment Research

The views and opinions expressed herein are the views and opinions of the author and do not necessarily reflect those of Nasdaq, Inc.

This article appears in: Investing, Business, Stocks

Referenced Symbols: AMZN , OSTK , GOOGL , GS , BP

## More from Zacks.com



- eBay's Core Marketplaces And Classifieds
  Businesses Drive Growth
- What To Expect From Best Buy's Q2 Earnings
- eBay's Margins Could Remain Under Pressure Even
   As StubHub Sales Pick Up

## **Related Stocks Articles**



- Here's How Canadian Solar Inc. Crushed It in 2017 11/29/2017 07:17 AM
- Investing Newsletters: Motley Fool Explorer vs MDP

11/29/2017 07:04 AM

Investing Newsletters: Motley Fool Pro vs MDP

11/29/2017 07:04 AM