

# Blockchain in Software Architecture 2: NFPs and design trade-offs

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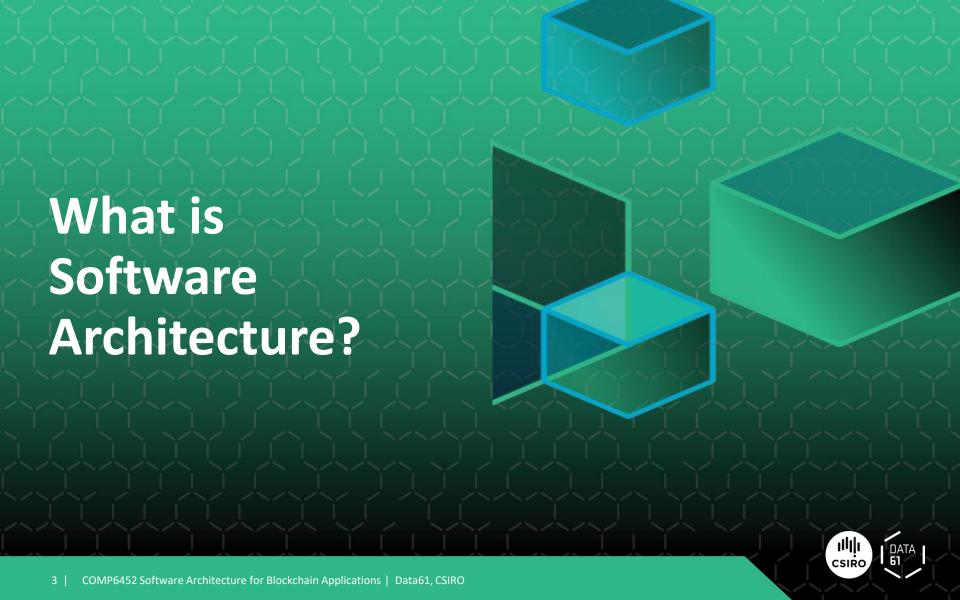
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#### **Outline**

- PITCH SESSION!
- What is Software Architecture?
  - Components, Connectors, Configuration
  - Non-Functional Properties (NFPs)
  - Models: Views and Viewpoints
  - NFP Analysis and Trade-offs
- Blockchain in Software Architecture
  - Blockchain as Component, Connector, Configuration
  - Blockchain Component Services
- Design and Trade-offs in Blockchain-based Applications
- Summary





#### Every software system has a software architecture

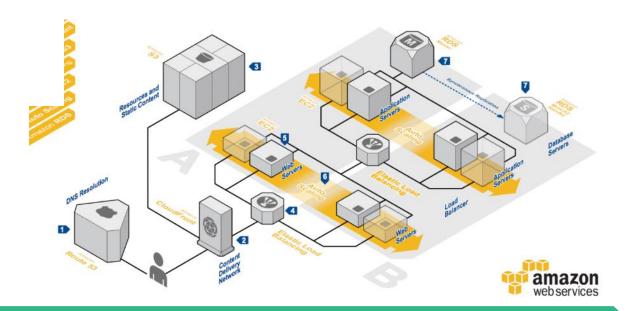
- "The set of structures needed to reason about the system, which comprises software elements, relations among them, and properties of both"
- Diagrams/ Documentation
- Designing
  - (But not all design is architecture)
- Discipline/ Practice/ Profession
- Discovery (Research Area)
  - Starting in 1960s, increasing interest since 1990s





#### **Software Architecture Elements**

- A software system's architecture is typically not a uniform monolith
  - Component, Connector, and Configuration





#### **Software Component**

- Software components are the fundamental building blocks for software architecture
- A software component is an architectural entity that
  - Encapsulates a subset of the system's functionality and/or data
  - Restricts access to that subset via an explicitly defined interface
  - Has explicitly defined dependencies on its required execution context
- Components typically provide application-specific services

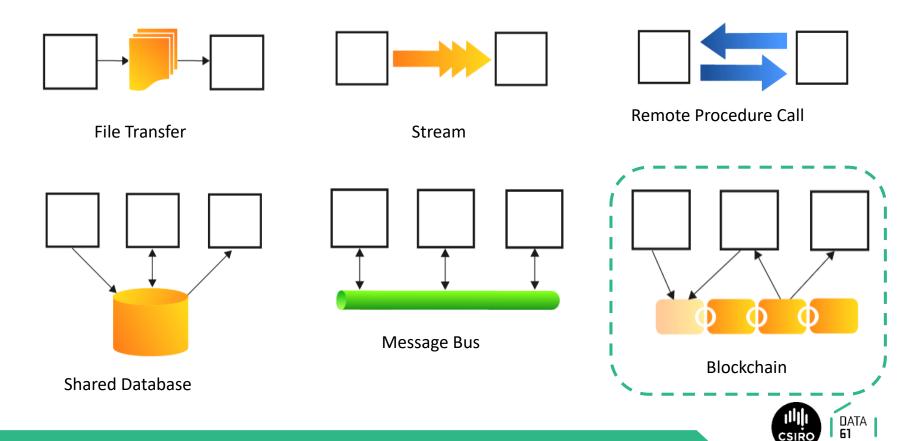


#### **Software Connectors**

- In complex systems interaction may become more important and challenging than the functionality of the individual components
- Architectural building block tasked with effecting and regulating interactions among components
- Connectors typically provide application-independent interaction facilities
  - **Communication**: transfer data
  - Coordination: transfer control
  - Facilitation: enable and optimise component's interactions
  - **Conversion**: adjust the interactions between incompatible interfaces



#### **Example Software Connectors**



#### **Architecture defines system structure**

- Decomposition of system into components/modules/subsystems
- Architecture defines:
  - Component interfaces
    - What a component can do
  - Component responsibilities
    - Precisely what a component will do when you ask it
  - Component connections and dependencies
    - How components are related to each other through their interfaces
- Can we infer system properties from element properties?



#### **Architecture specifies component communication**

- Data passing mechanisms, e.g.:
  - Function call
  - Remote method invocation
  - Asynchronous message
- Control flow
  - Flow of messages between components
  - Sequential
  - Concurrent/parallel
  - Synchronization

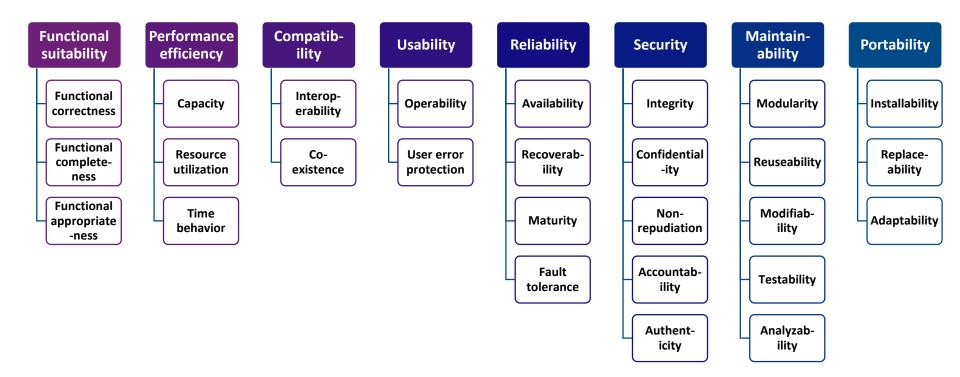


#### **Non-Functional Properties and Requirements**

- There are two kinds of requirements:
  - 1. <u>Functional</u> Requirements (i.e. what are the inputs and outputs)
  - 2. Non-Functional Requirements (a.k.a. Qualities, or -illities)
    - e.g. "Performance" (latency, throughput, ...)
    - e.g. "Security" (confidentiality, integrity, availability, privacy, ...)
    - e.g. Usability, Reliability, Modifiability, ...
    - Cost
    - Technical and business constraints

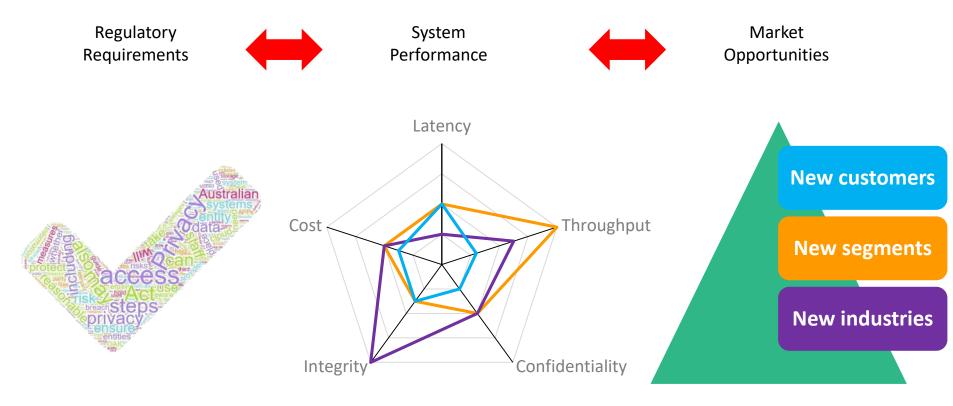


#### ISO/IEC 25010:2011 Quality Model





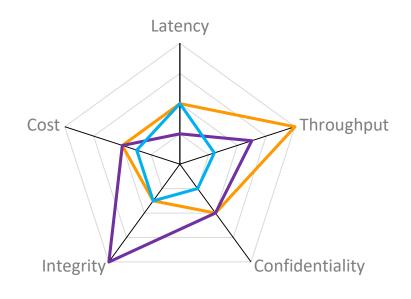
#### Why Non-Functional Properties Matter

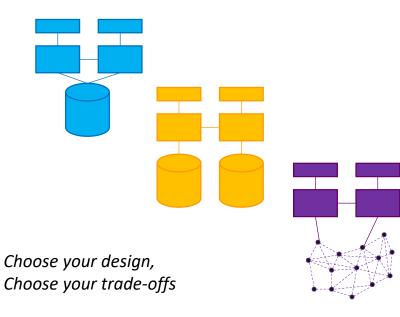




#### **Software Architecture**

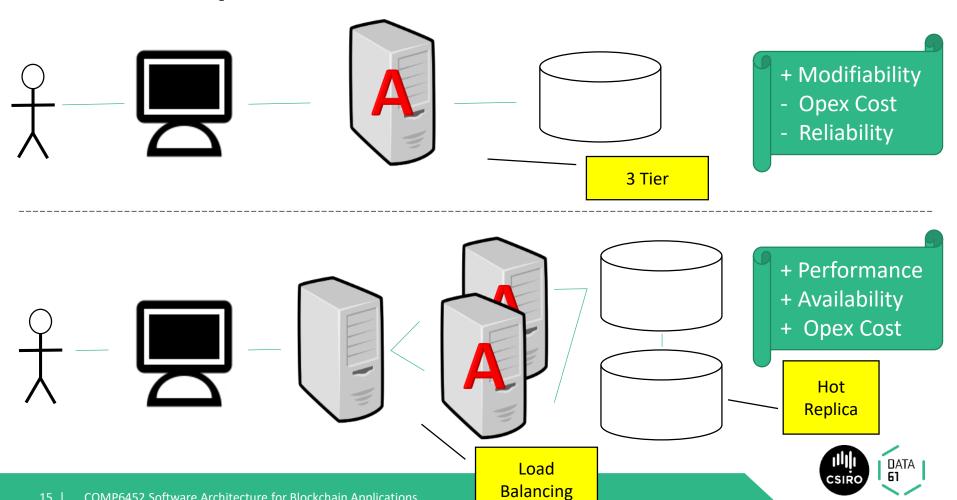
Non-Functional Properties arise from Architectural Design Choices







#### For Example...



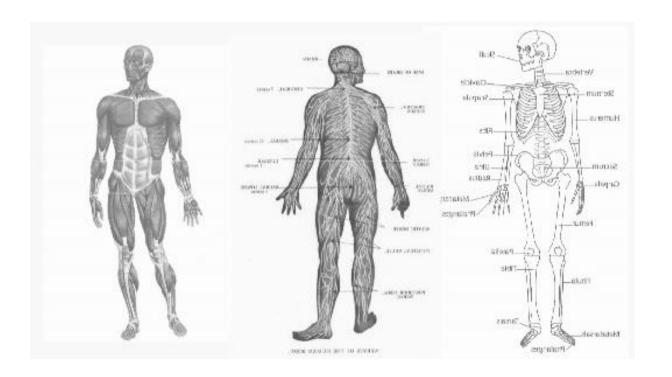
#### **Architecture is an Abstraction**

- Architecture provides an abstract view of a design
  - Hides complexity of design
  - May or may not be a direct mapping between architecture elements and software elements
    - e.g. "marketecture"
- "All models are wrong, but some models are useful"
   Box

• Discussion: Why Abstraction?



#### **Viewpoints and Views**

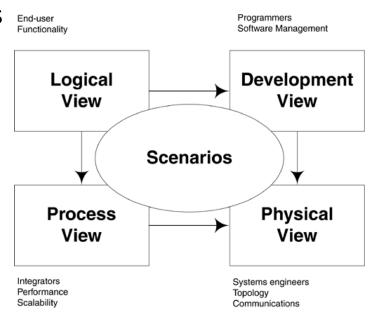






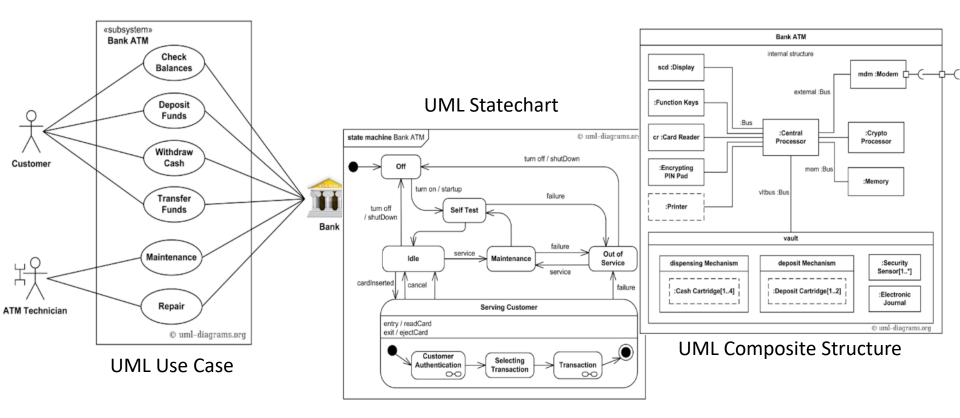
#### Krutchen's 4+1 View Model

- Logical: architecturally-significant elements and the relationships between them.
- Process: concurrency and communications elements
- Physical: how the major processes and components are mapped to applications hardware
- Development: internal organization of the software components as held in e.g. a configuration management tool
- Use cases: requirements for the architecture; related to more than one particular view





#### **UML** as Viewpoints and Views





#### **Architecture Analysis Methods**

- Analysis is one of the important uses of models
- e.g. does this design support service availability?
  - (Quantitative) fault-tree statistical analysis
  - (Qualitative) failure scenarios
- e.g. What is the transaction latency in this design?
  - (Quantitative) Simulation-based prediction of latency distributions
  - (Quantitative) Formula-based calculation of average latency
- e.g. Will this design ensure confidentiality?
- e.g. Is this design easily modifiable?
- Different kinds of models allow different kinds of analyses



#### **Design Trade-offs**

- Often, improving one quality will hurt another one
  - e.g. Use a bigger server
    - faster, but more expensive
  - e.g. Use redundant servers
    - better availability (hot fail-over)? Or better performance (load balancing)?
       Worse write latency? more expensive
- What are the trade-offs? How should you choose?
- Specific methods exist to help
  - ATAM: Architecture Trade-off Analysis Method
  - Multi-criteria decision-making methods

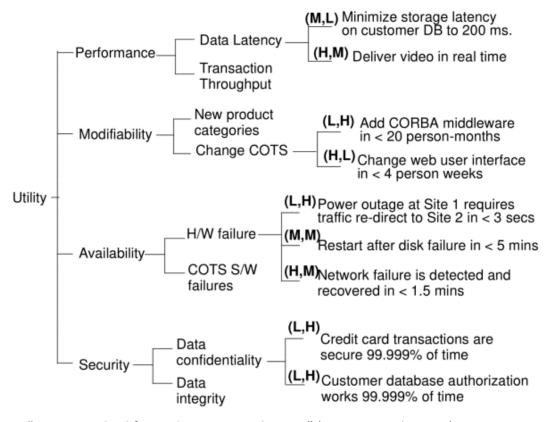


#### **ATAM**

- Presentation
  - Present ATAM
  - Present Business Drivers (NFPs and other business goals)
  - Present Architecture
- Investigation & Analysis
  - 4. Identify Architectural Approaches
  - 5. Generate Quality Attribute Utility Tree (& initial use case scenarios)
  - Analyse Architectural Approaches
  - 7. Brainstorm & Prioritise Scenarios
  - 8. Analyse Architectural Approaches (using scenarios as test cases)
- Reporting
  - Present Results (summary, risks, sensitivities/trade-offs, ...)



#### **ATAM Quality Attribute Utility Tree**



(Importance, Risk to Achieve)

Example from "ATAM: Method for Architecture Evaluation" (Kazman et al., 2000) https://resources.sei.cmu.edu/asset files/TechnicalReport/2000 005 001 13706.pdf



#### **ATAM Scenarios**

Scenario: S12 (Detect and recover from HW failure of main switch.)

Attribute: Availability

Environment: normal operations

Stimulus: CPU failure

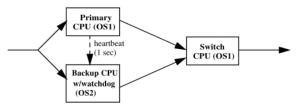
Response: 0.999999 availability of switch

| Architectural decisions | Risk | Sensitivity | Tradeoff |
|-------------------------|------|-------------|----------|
| Backup CPU(s)           | R8   | S2          |          |
| No backup Data Channel  | R9   | S3          | T3       |
| Watchdog                |      | S4          |          |
| Heartbeat               |      | S5          |          |
| Failover routing        |      | S6          |          |

#### Reasoning:

- ensures no common mode failure by using different hardware and operating system (see Risk 8)
- worst-case rollover is accomplished in 4 seconds as computing state takes ...
- guaranteed to detect failure with 2 seconds based on rates of heartbeat and watchdog ...
- watchdog is simple and proven reliable
- availability requirement might be at risk due to lack of backup data channel ... (see Risk 9)

Architecture diagram:



- Scenarios are commonly used in Software Architecture
  - In ATAM, links attributes, risks, trade-offs, & reasoning about architecture design
- Qualitative identify and evaluate risks
- Methodical, but not exhaustive

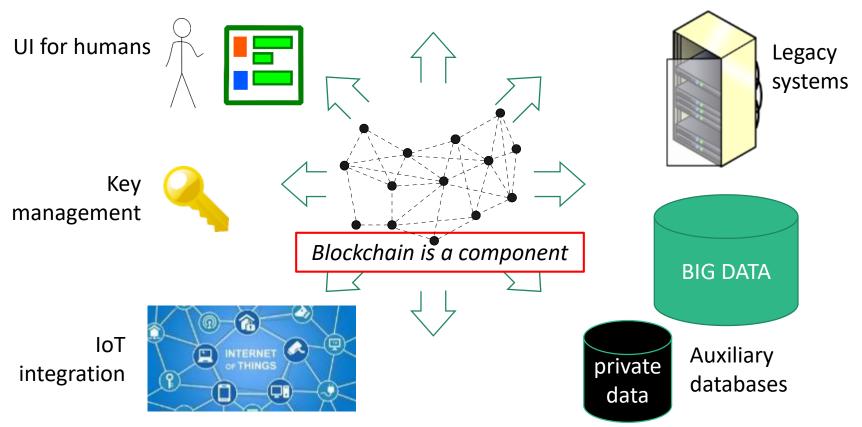
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## **Blockchain in Software Architecture**

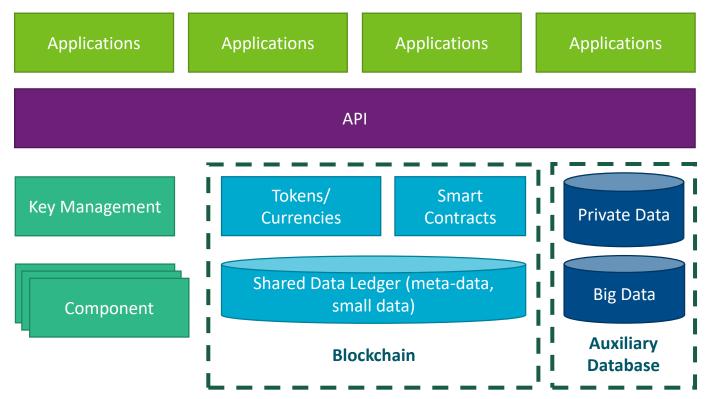


### **Blockchains are Not Stand-Alone Systems**





#### **Blockchain in Larger Software System**



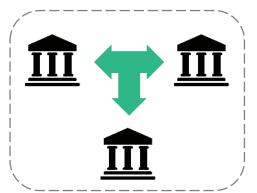


#### What Does a Blockchain Do?

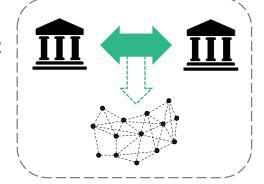
- Functionally, blockchains are...
- A database (ledger)
  - Record of transactions
- A compute platform
  - "Smart contracts"

Distributed, and no central owner

**Centralised Trust** using a **Third-Party** 



**Distributed Trust** using a **Blockchain** 





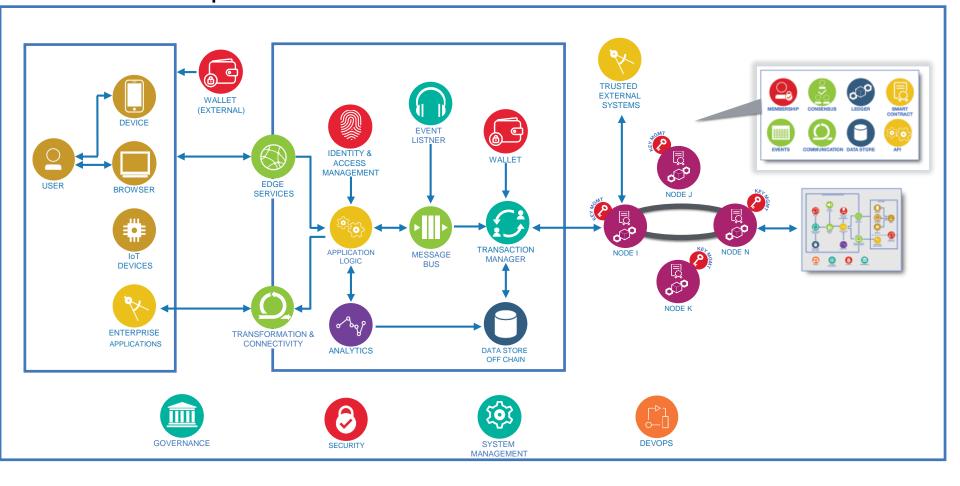


#### **Blockchain as a Software Component**

- Complex, network-based software component
- Providing services
  - Data storage
  - Computation services
  - Communication services
  - Asset management
- Features
  - Cryptographically-secure payment
  - Mining
  - Transaction Validation
  - Incentive mechanism
  - Permission management



### An Example Blockchain Reference Architecture



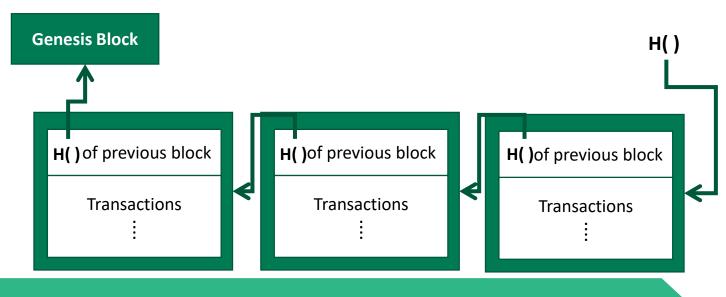
#### **Blockchain Component Service Options**

- Data Storage
- Computation Service
- Communication Service
- Asset Management



#### **Blockchain as Storage Element**

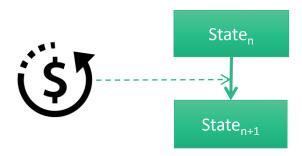
- Blockchain data structure
  - Linked list with hash pointers
- Tamper-proof
  - Computational constraints
  - Incentive scheme





#### **Blockchain as Storage Element**

- Transaction Integrity
  - Transactions represent authorized state transitions
  - Transactions can record data
  - Transaction can transfer control of digital assets among participants
    - Crypto-currencies
    - Smart contract-based digital assets
  - Public key cryptography and digital signature are used to identify accounts
    - Ensure integrity and authorization of transactions initiated on a blockchain



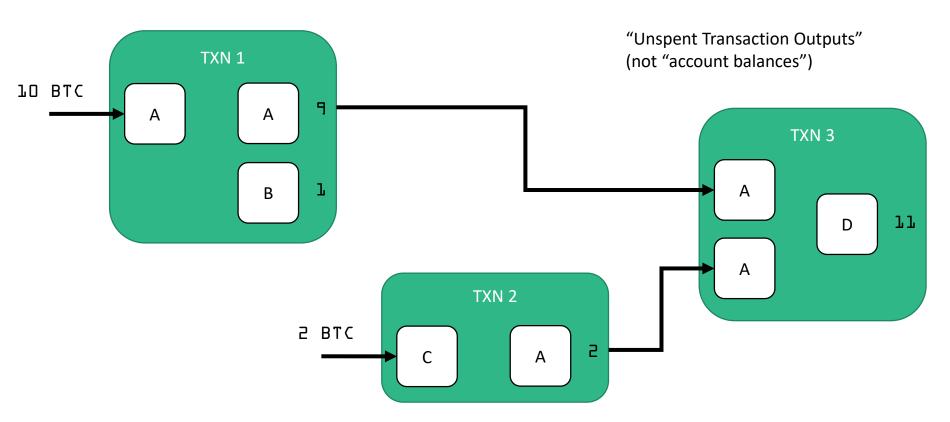


#### **Representation of Digital Assets**

- Bitcoin Cryptocurrency
  - Collection of unspent transaction outputs (UTXO) from all previous transactions to that address
  - Tokens represented using conventions (e.g. tracking "color")
- Ethereum
  - Cryptocurrency account balances in global system state
  - Tokens represented by smart contracts using storage

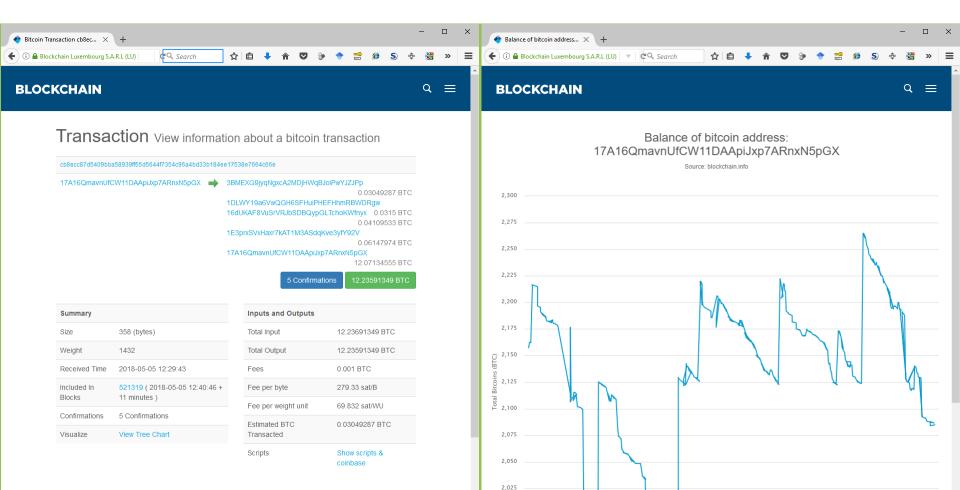


### **Bitcoin Holdings – UTXO**

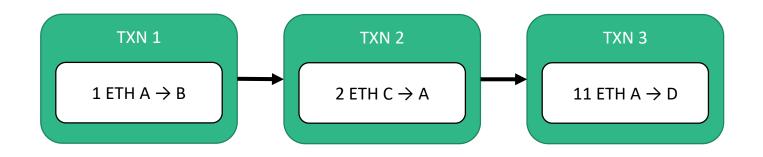




#### What Do Bitcoin Transactions/ Holdings Look Like?



# **Ethereum Holdings – Accounts**



| Address | Balance |
|---------|---------|
| Α       | 10      |
| В       | 1       |
| С       | 4       |

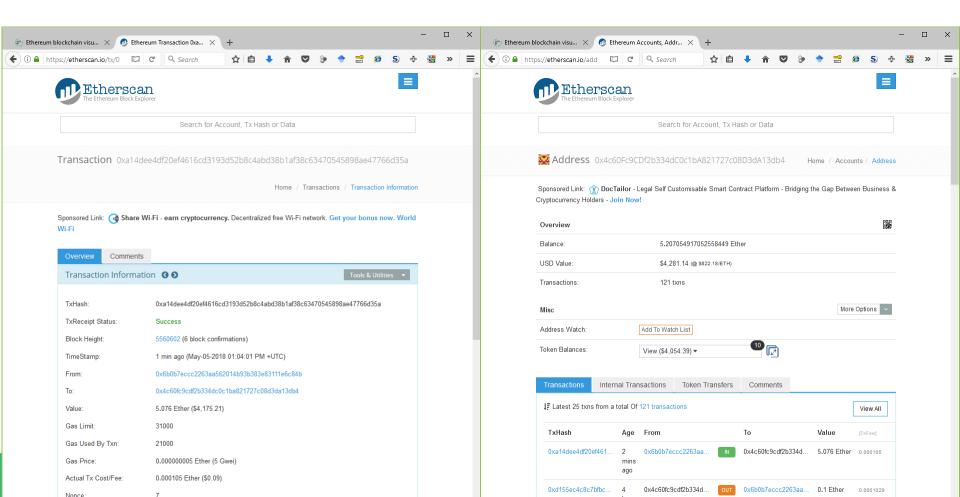
| Address | Balance |
|---------|---------|
| Α       | 9       |
| В       | 2       |
| С       | 4       |

| Address | Balance |
|---------|---------|
| А       | 12      |
| В       | 0       |
| С       | 2       |

| Address | Balance |
|---------|---------|
| А       | 1       |
| В       | 0       |
| С       | 4       |
| D       | 11      |



#### What Do Ethereum Transactions/ Holdings Look Like?



# **Storing Arbitrary Data on Blockchain**

- Two ways of storing data on blockchain
  - Adding data into transactions
    - Bitcoin
    - Ethereum
  - Adding data into contract storage
    - Smart contract on Ethereum
    - Smart contracts have an address, which is used to invoke the contract
    - Smart contract can only update its own storage
    - "Update" is only to the latest view of state (remember, append-only txns)
- Both ways store data through submitting transactions
  - Contain information of money transfer
  - Together with optional other data



# **Comparison with Other Data Storage**

Comparison with Shared Centralised Database

Comparison with Cloud Storage

Comparison with Peer-to-Peer Data Storage

Comparison with Replicated State Machines

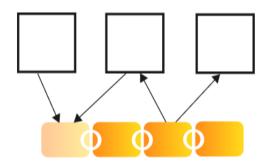


# NFPs: Blockchain vs Conventional Technology

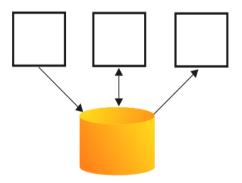
- Non-Functional Property Trade-offs
  - (+) Integrity, Non-repudiation
  - (-) Confidentiality, Privacy
  - (-) Modifiability
  - (-) Throughput/ Scalability/ Big Data
  - (+ read/ write) Availability/ Latency
- Many "limitations" are only for older public blockchains
  - e.g. hugely inefficient (more electricity than Ireland?)
  - e.g. very low performance (1 hour latency? max 3 tps?)



#### **Blockchain vs. Shared Centralised DB**



- Transactions are Append-Only
  - Mimic "CRUD" only as a view of the blockchain (transaction log)
- Consensus by majority of peers agree on transactions
  - Usually no master, no trusted nodes



- Create, Read, Update, Delete
  - Log present, but only for admins
- Distributed Transactions (2 Phase Commit, Paxos)
  - Usually a master node, usually only a few trusted nodes



# **Blockchain vs. Cloud**

| Blockchain   | Cloud   |
|--|---|
| No trusted single party  | Cloud provider is trusted                                     |
| Users can monitor or participate themselves as nodes that store the blockchain | Cloud provider store user data and provide access to the data |
| Data integrity is guaranteed (probabilistically)                               | Data integrity and access availability may not be guaranteed  |
| No defined SLAs (service-level agreement) provided by public blockchain        | Clearly defined SLAs  |



# Blockchain vs. Peer-to-Peer Data Storage

- Peer-to-peer Data Storage allow users to access data that is stored in other computers connected to the same peer-to-peer network
- BitTorrent, IPFS (InterPlanetary File System)

| Blockchain   | Peer-to-Peer Data Storage  |
|--|--|
| <ul> <li>Very high availability</li> <li>All nodes have the same shared copy of the blockchain data</li> </ul> | Low availability for unpopular data                                    |
| Not suitable for storing large data  | Only store or distribute content the user wants to store or distribute |
| Strong data integrity  | Hash pointer, checksum   |



# **Blockchain vs. Replicated State Machines**

|                 | Blockchain  | Replicated State Machines   |
|-----------------|---|---|
| Fault Tolerance | Use distribution to not depend on any single entity                         | <ul> <li>Replicate state at multiple servers</li> <li>Coordinate service requests from clients</li> </ul> |
| Consensus       | Ensure only one among multiple conflicting proposed transaction is included | Decide upon receiving update requests from components  • Ensure only one client acquires a lock           |
| Voting          | large portion of the community to agree to achieve consensus                | A quorum of voters with weighted votes  |
| Communication   | Transactions are replicated and persisted after it is included              | <ul> <li>Transmitting state update data among components</li> <li>Information is replicated</li> </ul>    |
| Facilitation    | Blocks and transactions are totally ordered                                 | Requests are ordered  |

#### **Blockchain Component Service Options**

- Data Storage
- Computation Service
- Communication Service
- Asset Management



# **Data and Computational Platform**

Blockchain 1.0 – Cryptocurrency







- Blockchain 2.0 Cryptoeconomic State Machine
  - Smart contract: Event-driven program (with state) that runs on a blockchain
    - Can realize more complex business logic
      - More than simple currency/token-based value transfer
    - Can represent digital assets on the ledger
  - Computational results stored on the public ledger



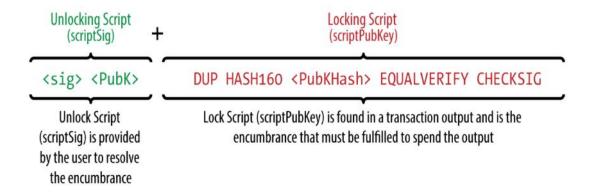






#### Limited Computational Power of 1st Generation

Native smart contracts on Bitcoin do not support complex control flow definition



- External services allow end users to build self-executing contracts on Bitcoin
  - Executed by external Oracle
  - Integrity of execution is not guaranteed



# **Turing-Complete 2nd Generation**

- Ethereum is a general computational platform
  - Turing-complete programming language
  - In principle, as expressive as every other general purpose programming language (via Church-Turing thesis)
  - In practice, limitations on computational complexity
    - Gas limit

- Hyperledger Fabric, R3 Corda allow Java, etc
  - Can limit computation to nodes for parties of interest
  - Be careful to make your smart contracts deterministic



# 3<sup>rd</sup> Generation? Sub-Turing-Complete Again

- A middle way a somewhat expressive language, but still allowing automated formal verification
- e.g. Kadena's Pact language
  - Lists, datatypes
  - Functional: Conditionals, Fold, Map, Filter, ...
    - But not arbitrary recursion
  - Automatic verification using model checkers (Z3)
- e.g. DAML (Digital Asset)
  - Functional, non-Turing complete
  - Focus on workflow for exchange of rights & obligations
  - Tool support for formal verification

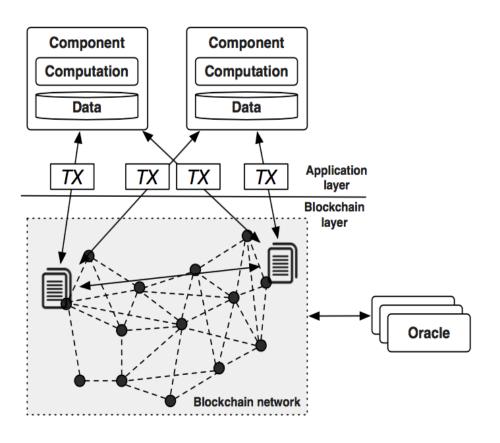


#### **Blockchain Component Service Options**

- Data Storage
- Computation Service
- Communication Service
- Asset Management



#### **Data Communication**



- Components at application layer use blockchain as a mediator to transfer data
  - Sending data to blockchain using transactions
  - Query blockchain to retrieve data
- Blockchain provides data API
  - Access historical transactions
  - Filter historical transactions
- Local component monitoring update from new blocks
  - Relevant data in a local database



# **Computation Communication 1/2**

- Components use blockchain to coordinate computation
  - Submitting transactions to smart contracts to invoke their function
  - Using oracle to sign transactions depending on external state
- Typical control flow
  - Initiated from externally owned accounts
  - Deploy via Transaction External Smart - Transferred among contract accounts account
- Contract termination
  - Cannot respond to transactions
  - Contract code remains on the blockchain
    - Permanently stored
    - In the creation transaction



Run the function with the supplied parameters



# **Computation Communication 2/2**

- Oracle facilitates component coordination with external state
  - Some direct support for oracles
  - Others use oracles as external services
    - Interacting with blockchain through normal transactions
- Validation of transactions depends on external state
  - Platform-supported oracle can validate and sign transaction
    - Block transaction progress until the oracle completes
  - Oracle can be an external service injecting data into blockchain
    - Other smart contracts use that data to validate transaction
    - Delay is between the external state changes and time when those are recorded into blockchain
- Automated vs. human



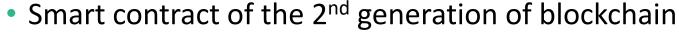
#### **Blockchain Component Service Options**

- Data Storage
- Computation Service
- Communication Service
- Asset Management



## **Asset Management and Control Mechanism**

- Native token of the 1<sup>st</sup> generation of blockchain
  - Cryptocurrency is the native asset
  - Identity of the cryptocurrency or associated data can represent other assets
    - Track claims of title over physical assets
    - Transactions record the transfer of title from one user to another
  - Limited due to small size of arbitrary data
    - Bitcoin overlay network: colored coin
      - Taint a subset of Bitcoin to represent and manage real-world assets
      - Few attributes can be recorded and few conditions can be checked within blockcname



- Enable more expressive data structure
- Flexibility for tokenizing a wider variety of assets



# **Tokens as Digital Assets**

- What is a Token?
  - Like plastic discs/boarding pass/ticket/ in the physical world
  - Digital asset on the blockchain current "owner" etc can be checked by looking at ledger
- A token represents a bundle of rights and obligations
  - Can represent digital assets or physical assets
    - Fungible: interchangeable, like cryptocurrencies, gasoline
    - Non-fungible: Unique and cannot be interchanged, like cryptokitties, artwork and land
  - Transferrable (or not); Reusable (or not); Exclusive (or not); ...
- Tokens for "ownership" of assets?
  - "Property" is a collection of rights
  - Can the blockchain legally bind ownership or change of ownership?
    - You could self-impose contractual conditions on token and underlying property, to try to ensure the blockchain record is consistent with legal ownership
    - But, contracts might not survive bankruptcy; and Courts can order change of ownership without the blockchain



# **Digital Assets and Blockchains: Symbiosis**

- The blockchain ensures digital assets are not replicated
  - For digital information, you can make identical copies
  - For money and other assets, don't make identical copies!
  - The global public ledger means everyone can check





- Digital assets (esp. cryptocurrency for public blockchains) ensure the blockchain is operated
  - Provide incentives for nodes to operate the blockchain
    - Mining reward claimed under a convention, by the node that creates a block
    - Transaction fees offered by the transacting party to the node which includes the transaction in a block

#### **Token Standards on Ethereum**

- ERC20 for fungible tokens
- ERC841 for non-fungible tokens

```
2 // ERC Token Standard #20 Interface
 3 // https://github.com/ethereum/EIPs/blob/master/EIPs/eip-20.md
 5 contract ERC20Interface {
       function totalSupply() public view returns (uint);
       function balanceOf(address tokenOwner) public view returns (uint balance);
       function allowance(address tokenOwner, address spender) public view returns (uint remaining);
       function transfer(address to, uint tokens) public returns (bool success);
       function approve(address spender, uint tokens) public returns (bool success);
10
       function transferFrom(address from, address to, uint tokens) public returns (bool success);
11
12
       event Transfer(address indexed from, address indexed to, uint tokens);
13
14
       event Approval(address indexed tokenOwner, address indexed spender, uint tokens);
15 }
```

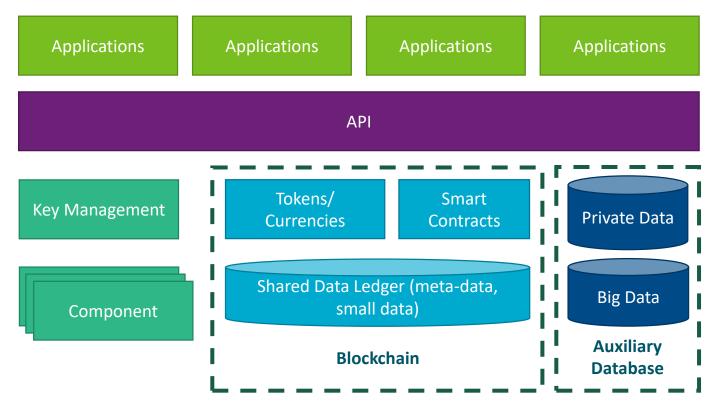
Design and Trade-offs in Blockchain Applications



#### Use Blockchain for What It's Good For

- Trustworthy and efficient ways to work together
  - Focus on spaces between individuals, organisations
    - Data integrity for information sharing
    - Neutral ground for process coordination
  - Logically centralises information
  - Administratively decentralises control
- Digital Assets and Tokens
  - Authorised by issuer, transferrable between cryptographic IDs
  - Representing physical assets, digital assets, services, rights, ...
  - Be careful about legal title for property: blockchain is not magic

# Recall: Blockchain in Larger Software System





# How to use blockchains in a design?

- Later lectures covering topics in design process, blockchain design patterns, etc
- Some themes
  - Choice and configuration of blockchain
    - Private (Consortium) vs. Public
    - Single logical chain vs. network of distributed ledgers
  - Use programming design patterns for smart contracts
  - Combine on-chain with off-chain components
    - Hashed content on-chain (content off-chain)
    - Signed or encrypted content on-chain (keys off-chain)
    - "State channels" judges on-chain (computation & comms off-chain)
- Today, some illustrative examples



# 3 Examples from Data61/Treasury Reports



- http://www.data61.csiro.au/blockchain
- Risks and Opportunities for Systems
   Using Blockchain and Smart
   Contracts

What are technical risks & opportunities for use cases?



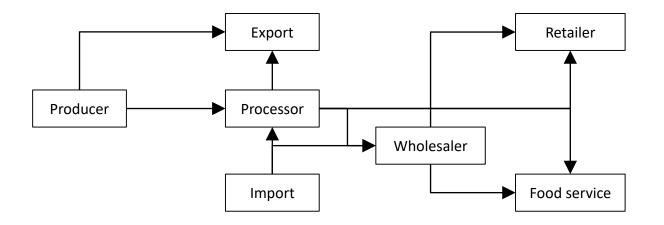
#### **Potential Use Cases**

- Financial Services
  - Digital currency
  - (International) payments
  - Reconciliation
  - Settlement
  - Markets
  - Trade finance
- Government Services
  - Registry & Identity
  - Grants & Social Security
  - Quota management
  - Taxation

- Enterprise and Industry
  - Supply chain
  - IoT
  - Metered access
  - Digital rights & IP
  - Data management
  - Attestation
  - Inter-divisional accounting
  - Corporate Affairs
- Three Illustrative Cases Selected
  - 1. Agricultural supply chain
  - Open data registry
  - 3. Remittance payments



# **Agricultural Supply Chain – Use Case**



Interoperability
Latency
Integrity
Confidentiality
Scalability

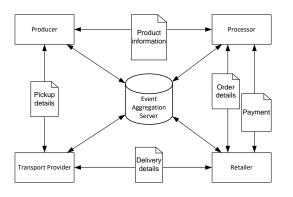


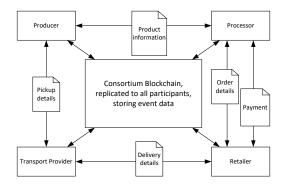
# **Agricultural Supply Chain – Designs**

#### 1. Conventional

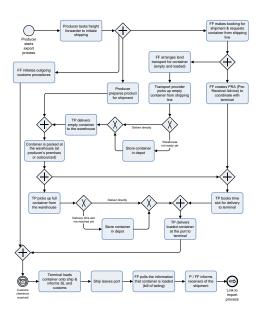
Point-to-point messaging and event aggregation server

2. Event Tracking
on Blockchain
Point-to-point
messaging and
event aggregation
on blockchain



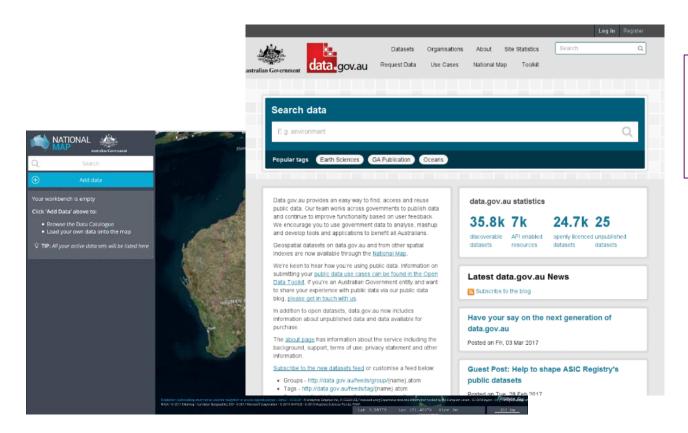


# 3. Supply chain process coordination on blockchain as smart contracts





## **Open Data Registries – Use Case**

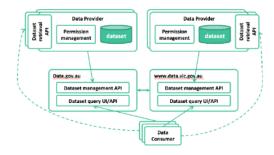


Integrity
Availability
Read Latency
Interoperability
Barriers to access

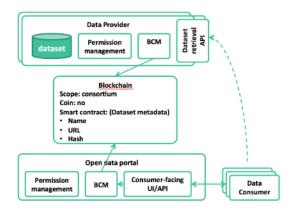


# **Open Data Registries – Designs**

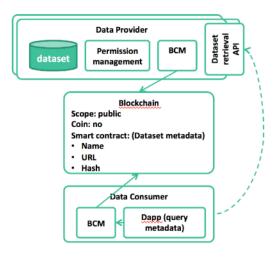
# 1. Conventional Registry operated by single agency



# 2. Consortium acrossdata providersPublic access stillcontrolled through aportal

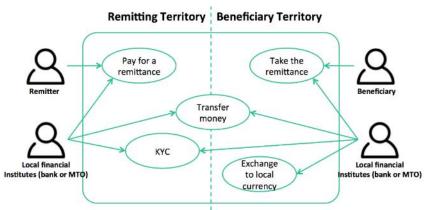


# 3. Registry on public blockchain Agency only controls entries included on official index

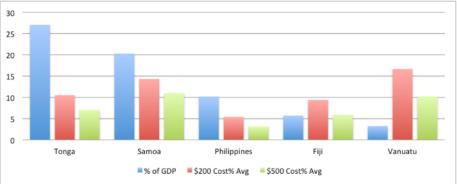




# **Remittance Payments – Use Case**



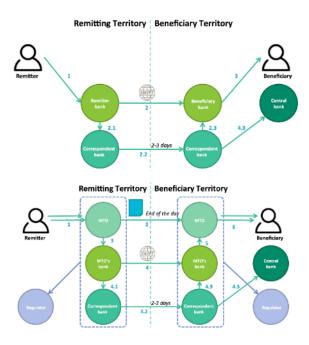
Write Latency
Cost
Cost transparency
Controlled confidentiality
Low barriers to entry





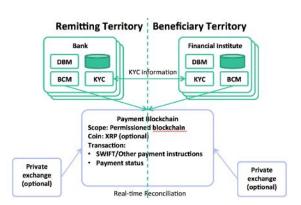
# **Remittance Payments – Designs**

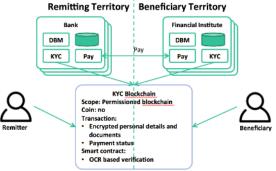
# 1. ConventionalThrough bank or MTO



# 2. Payment through blockchain

3. KYC through blockchain









### Summary

- What is Software Architecture?
  - Architectural design choices impact Non-Functional Properties (NFPs)
  - Use Architectural Models (Views and Viewpoints)
    - To communicate and analyse systems
  - Analyse NFPs and consider NFP Trade-offs
- Blockchain in Software Architecture
  - Blockchain as Component, Connector, Configuration
  - Blockchain Component Services
    - Data Storage
    - Computation Service
    - Communication Service
    - Asset Management
- Design and Trade-offs in Blockchain-based Applications





# THANK YOU

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